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Mehmet Ali Agca was escorted into the defendants' cage as the trial of seven persons accused of conspiracy in the shooting of Pope John Paul II began Monday in Rome.

Trial Starts in Pope Plot

Convicted Turk Claims in Court That He Is Christ

By Michael Dobbs

Washington Post Service

ROME — The trial of three Bulgarians and four Turks accused of plotting with Mehmet Ali Agca to murder Pope John Paul II opened Monday and was interrupted by an outburst from the pope's convicted assassin in which he predicted the end of the world.

"I am Jesus Christ. In the name of the omnipotent God, I announce the end of the world. The world will be destroyed," shouted Mr. Agca, 27, a rightist Turkish terrorist who was convicted of shooting the pope on May 13, 1981. He is serving a life prison sentence.

Mr. Agca's remarks, from a metal cage in the courtroom, were dismissed by the prosecutor, Antonio Marini, as "stupidities directed at journalists." However, they were described by Luigi Conso, a lawyer for the Bulgarian accused, as evidence that the Turkish gunman was "psychologically unbalanced."

Mr. Agca later said that he was completely sane.

The prosecution case against the Bulgarians depends largely on the credibility of Mr. Agca who has changed his story repeatedly.

Mr. Marini asked for suspected Turkish extremists in West Germany, France, the Netherlands and Switzerland with connections to Mr. Agca to be brought to Italy to give evidence.

Most of Monday's session was taken up with procedural arguments between defense and prosecution lawyers over whether two of the accused who were formerly employed by the Bulgarian Embassy in Rome were entitled to diplomatic immunity. The court postponed a ruling until later in the trial.

Only four of the eight defendants were in the courtroom, a converted gymnasium previously used for major Italian terrorist trials. The remaining four are either in Bulgaria or in hiding.

The case has been called the "trial of the century" by the Italian press because of its implications for East-West relations. The prosecution (Continued on Page 2, Col. 3)



A weeping woman huddles under an umbrella on the island of Sandwip, Bangladesh.

Disaster Toll Continues Rising In Bangladesh

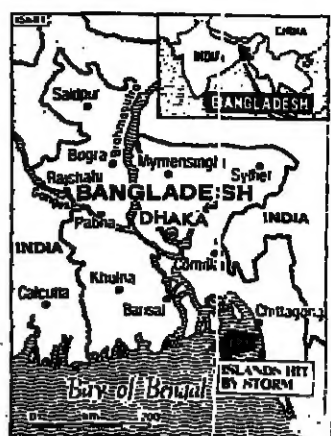
By William Claiborne

Washington Post Service

DHAKA, Bangladesh — Navy ships and aircraft intensified the search Monday for a reported 12,000 or more people missing in the cyclone and tidal wave that swept over the Bangladesh coast Saturday.

It was the worst natural disaster here since the country became independent 13 years ago.

An estimated 250,000 persons, many of them fishermen and rice farmers who settled in thatched huts on relatively new islets created



by silting in the Ganges River delta, were believed to have been left homeless after the high winds and waves swept over seven islands near Chittagong, in southern Bangladesh.

There were conflicting reports of the number of known dead, with one district administrator's report giving an official toll of identified victims as 1,302. But a spokesman for the disaster control center here was quoted by news agencies as saying that 3,000 bodies had been recovered and that at least 12,000 people were still missing.

[The League of Red Cross and Red Crescent Societies said Monday that 40,000 people may have been killed, and it appealed for \$1.7 million in aid for victims, Reuters reported from Geneva.]

"Our people there say the entire population of Sandwip, Pirbakhsh and Pukarabaga islands have been swept away," Richard Bergstrom, head of the Geneva-based organization's Asian division, said in a statement.

Disaster control officials said the islands hit hardest were Ullahar, Sandwip, Char Clerk and Hatia, all located west of the port city of Chittagong. They said that Chittagong, for the most part, escaped damage as the cyclone pushed a tidal wave northeastward.

Authorities said 217 persons were reported to have died on Sandwip island. Early news agency reports said the island had been devastated by the tidal wave with a loss of 10,000 lives.

Bangladesh radio on Monday

put the total death toll at about 100,000 for all of the seven stricken islands, but there was no confirmation of that figure by rescue workers and the government.

Bangladesh's martial law leader, Lieutenant General Hussain Muhammad Ershad, who toured the area by helicopter Monday, said it was the "worst tragedy in Bangladesh's history."

The Bengali-language daily, Ittefaq (Continued on Page 2, Col. 3)

Aid for Anti-Left Rebels Gaining Support in U.S.

By Joanne Omang and David Ottaway

Washington Post Service

WASHINGTON — The Reagan administration, supported and sometimes prodded by a broad range of members of Congress, appears increasingly willing to advocate aid to anti-leftist insurgencies in many parts of the Third World. So far the support for these in-

surgenies is largely rhetorical, and the record of U.S. aid delivery is confused and contradictory. It is also probably incomplete, because the public record does not include all covert operations.

But a chorus of administration speeches has been accompanied by independent papers and legislative efforts in pursuit of that goal.

"We must not break faith with those who are risking their lives — on every continent, from Afghanistan to Nicaragua — to defy Soviet-supported aggression and secure rights which have been ours from birth," President Ronald Reagan said in his State of the Union address in January.

Similar statements have been made by numerous senior officials in his administration.

Congress, departing from its recent history of opposing U.S. involvement in messy Third World conflicts, appears surprisingly eager to help out. Democrats in Congress have taken the lead in pushing for overt aid to rebels in Cambodia and Afghanistan.

Two Republican senators have proposed setting up a special office in the White House to coordinate U.S. aid to rebel groups opposing Soviet-backed governments in the Third World, from Indochina to southern Africa to Central America. Other suggestions would make such aid an overt program by switching control over it from the Central Intelligence Agency to the Defense Department.

But some officials worry that too formal a doctrine might cramp their flexibility, which now permits contradictory behavior in different cases. Nevertheless, there is general agreement that real content is slow-

Gorbachev Asserts SDI Will Thwart Arms Talks

The Associated Press

MOSCOW — Mikhail S. Gorbachev said Monday that U.S. research into an anti-missile system in space would thwart disarmament efforts, and called on other countries to make space a peaceful frontier instead of "a source of death and destruction."

In a speech at a Kremlin luncheon honoring Willy Brandt, the former West German chancellor, Mr. Gorbachev said: "There are no people in the world who would not be worried by the U.S. plans to militarize space." He was referring to the U.S. space defense program, which is called the Strategic Defense Initiative by the Reagan administration.

A text of the speech was carried by the Tass press agency.

In meetings Monday with Mr. Brandt's delegation, Mr. Gorbachev characterized the first round of disarmament talks with the United States in Geneva as "completely fruitless," according to Egon Bahr, a disarmament expert in Mr. Brandt's Social Democratic Party.

Mr. Bahr said it was clear from Soviet and U.S. statements that

"the first round brought practically nothing."

Mr. Gorbachev's comments followed an editorial in Pravda, the Communist Party daily, that laid out Moscow's complaints about U.S. positions at the Geneva talks.

Mr. Gorbachev's comments to Mr. Brandt seemed designed to pressure the United States into revising its position at the second round, which begins Thursday.

Asked whether Monday's talks touched on prospects for a summit meeting between Mr. Gorbachev and President Ronald Reagan, Mr. Bahr said Mr. Brandt had asserted that a meeting must lead to a reduction of world tension.

Mr. Gorbachev indicated that he was ready for such a meeting, and that "preparations for this, or contacts about it, are taking place with the Americans," Mr. Bahr said.

He gave no further details, but his statement was consistent with reports that U.S. and Soviet officials were still talking about a meeting. U.S. officials indicated last week that Mr. Gorbachev and Mr. Reagan were unlikely to meet until next year.



Mikhail S. Gorbachev, right, greeted Willy Brandt on Monday at the Kremlin.

Evacuation Cut Short in Beirut Camps

Compiled by Our Staff From Dispatches

BEIRUT — Red Cross vehicles entered one of Beirut's besieged Palestinian camps on Monday to evacuate the wounded, but the operation was suspended after only half an hour.

Red Cross officials said the evacuation was called off when Shiite Moslem militiamen ringing Borge Barajani camp threatened to stop and search the convoy of ambulances.

The cease-fire lasted two minutes, a Red Cross official said, while explosions and automatic weapons fire echoed around Borge Barajani. He declined to apportion blame for the premature end to the mission.

"The evacuation operation has stopped because the Palestinians refused to free some of our people who are held hostages inside the camp," an Amal official said, adding that the release of at least three Amal fighters was a condition for letting in the Red Cross.

The extent of the evacuation was unclear. Reuters said that eight badly injured men were evacuated to the Druze town of Shweifat, south of Beirut.

Unit ed Press International quoted security sources as saying that four Red Cross ambulances and three cars carried at least 14 wounded, mostly women, out of the camp, heading for Druze Moslem hospitals in the Chuf Mountains above Beirut.

Red Cross vehicles entered Borge Barajani twice before in the past week of fighting but were forced back by gunfire after removing a handful of wounded.

Although Palestinians who escaped the camps said Sunday that residents, both guerrillas and civilians, were being shot indiscriminately, their reports could not be confirmed Monday by the Red Cross or others.

Palestinian sources said that hundreds of injured were trapped in the camps without proper medical care as Shiite Amal militiamen and Lebanese Army troops fought to prevent any resurgence of Palestinian military power in Lebanon.

The Red Cross has been denied (Continued on Page 2, Col. 2)

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Will Stroessner Survive Stroessner? Paraguayans Debate the Inevitable

By Alan Riding

New York Times Service

ASUNCION, Paraguay — There is no evidence that General Alfredo Stroessner, the 72-year-old president, is ill or is planning to step down, but what comes after his rule of 31 years is suddenly the main topic of debate in Paraguay.

The government has tried to limit discussion of the issue, arguing that the entire concept of "post-Stroessnerism" has been invented by opposition groups bent on agitation. "There is no such thing as post-Stroessnerism," an official said.

But in a country where, in the words of a journalist, "the news is always the same," change is now being viewed as inevitable.

"We're definitely in a pre-transition period," a foreign diplomat said. "Stroessner will stay in office as long as he wants to, but there is genuine widespread concern about what will happen afterward."

A number of factors have fed the debate. The return of civilian rule to three neighboring countries — Argentina, Brazil and Uruguay — has reawakened the dream of democracy here. The Central American crisis also constantly reminds Paraguayans of the problems that followed the abrupt end of the Somoza family's 45-year rule of Nicaragua.

"Regimes of this sort are factories for making Communists," a centrist critic of the government said. "They give the Communists all the banners they need."

President Ronald Reagan contributed to the uncertainty this month by including Paraguay, along with Chile, Nicaragua and Cuba, among Latin America's remaining dictatorships.

The Stroessner government, which describes Paraguay as a "democracy without communism," was stunned, blaming Mr. Reagan's advisers for his "unfortunate distorted concept."

The strongest shadow of the future is being cast by the power struggle within General Stroessner's Colorado Party between traditionalists and militants whose influence derives entirely from their loyalty to the president.

"The traditionalists believe Stroessner should step down in 1988, that seven terms in office are enough," a leading member of this faction said. "That is the best way of ensuring a smooth transition and preserving the Colorado Party."

In contrast, the president's inner circle, headed by his private secretary, Mario Abdon Benitez, is said to be seeking control of the party, not only to nominate General Stroessner to an eighth term at its 1987 convention but also to determine his eventual successor.

In public, both groups continue to pledge support for the president, with the battle largely limited to elections taking place in hundreds of party committees around the country. But in private the names of possible successors to General Stroessner are being juggled.

The president's son, Gustavo, 42, an air force major, is mentioned, although so far he has not been promoted as a public figure by his father.

Both Mr. Benitez and Luis Maria Argaña, the president of the Supreme Court, are suggested in different circles as possible civilian successors, while no one writes off General Andres Rodriguez, commander of the powerful First Army Corps.

While not posing a direct challenge to General Stroessner, the debate has provided insight into the nature of his rule. Despite the appearance of one-man rule, it involves a partnership with the Colorado Party, the armed forces and local business interests, and all share the benefits.

The importance of the party, in particular, distinguishes General Stroessner from most military strongmen. Membership in the Colorado — which literally means "the reds" — is a condition for joining the armed forces and police or for entering government service, even as a teacher or nurse.

The party, which claims 1.2 million members out of a population of 3.5 million, maintains offices in every town and village, which thus serve as a grass-roots vigilante network.

Although head of the party, General Stroessner nonetheless remains at heart a military man and has invested heavily in preserving the loyalty of the armed forces. Occasional dissidents are quickly purged, while the country's more than 100 generals and other top officers have been allowed to enrich themselves, in many cases through control of the lucrative contraband business.

Finally, business allies of the government profited handsomely from the burst of economic growth that accompanied construction of the huge Itaipu hydroelectric dam on the border between Paraguay and Brazil in the late 1970s and early 1980s.

This boom also brought changes of potential political importance.

"Enough filtered down to create a significant middle class," a foreign resident said, "the kind of people who travel, watch television and listen to the radio, people who know what's happening in the world. In essence, the country began to outgrow the political system."

The Stroessner government has, however. (Continued on Page 2, Col. 7)



General Alfredo Stroessner

U.S. Diplomats Keep Hoping for Closer Ties to India

By Steven R. Weisman
New York Times Service
NEW DELHI — Prime Minister Rajiv Gandhi's enthusiastic overture to the Soviet Union last week has produced a shudder of disappointment among U.S. diplomats here. The se diplomats have been

NEWS ANALYSIS

engaged in the most aggressive attempt in years to improve relations between the United States and India.

But they and others said they were convinced that Mr. Gandhi would still use his visit to the United States in June to strengthen

U.S.-Indian friendship. They contended that his comments in Moscow were in most respects a predictable reiteration of long-standing policies.

According to these experts, the prime minister's visit to the Soviet Union underscored his determination to chart an independent course, keep people guessing and advance a particular view of Indian self-interest, even if it means irritating those from whom he seeks economic or military assistance.

This was the practice perfected by Prime Minister Indira Gandhi, whose assassination last Oct. 31 thrust her son Rajiv into power.

In Moscow, on his first major overseas trip as prime minister, Mr. Gandhi concluded a \$1.15-billion package of trade and investment credits from the Soviet Union. He also expressed gratitude for Soviet friendship and criticized the U.S. position on arms control and aid to Pakistan.

As Mrs. Gandhi did before him, he declined to criticize Soviet actions in Afghanistan, other than to say at a news conference that India opposed all interventions in foreign countries.

After years of weathering Mrs. Gandhi's bitter criticisms of U.S. policies, some U.S. officials were reported to have felt that Mr. Gandhi, who is 40, might be different.

A senior U.S. official said recently that at Mrs. Gandhi's funeral, Secretary of State George P. Shultz and Prime Minister Margaret Thatcher of Britain discussed the matter and agreed to a major effort to woo Mr. Gandhi away from India's longtime friendship with Moscow.

India is Moscow's principal trade partner among the less developed nations, with trade totaling more than \$3 billion a year. But India's largest trading partner is the United States, with an annual total of \$4 billion.

His first months in office gave Western diplomats more cause for hope. Especially noteworthy were

his dismissal of most of his mother's most influential advisers and his promotion of an economic program that reduced taxes, tariffs and government regulations.

The government has tried in other ways to improve the climate for private investment and has negotiated an important accord permitting India to import high technology items from the United States.

There appears now to have been a backlash in New Delhi against the euphoria generated in some circles by the belief that Mr. Gandhi was moving India away from its traditional path of socialism and friendship with Moscow.

A comment by President Ronald Reagan this month in Madrid that Mr. Gandhi might bring "an economic revolution in India" was widely disseminated and criticized here. Some U.S. officials appeared to wince at the Reagan hyperbole, apparently fearful that it would discourage Mr. Gandhi from doing more.

A senior U.S. official said last week that it was too soon to tell whether Mr. Gandhi might even have to withdraw some of the economic revisions already announced. The official noted that the prime minister had already

"backtracked rhetorically" when he agreed to a ringing reaffirmation of socialism in a recent declaration by the governing Congress (I) Party.

"There are two schools of thought," the official said of this reaffirmation. "One is that he is under severe pressure from critics, and that he really might have to go easy now. The other is that he was being awfully clever, feeding rhetoric to his critics with no intention of changing course."

Despite Mr. Gandhi's changes, the Indian economy remains highly regulated. Taxes are so high and pervasive that half the country's economic activity is thought by some experts to have gone underground, with payments made illicitly to avoid taxation.

In foreign policy, a senior aide to Mr. Gandhi said it was foolish of the West to think that the prime minister's housecleaning and economic program portended a basic change in outlook.

"There was never any question of relations with the Soviet Union being diluted in any way," the aide said. "I think ideologues of the left and right are looking for these changes, in part because they didn't like Mrs. Gandhi."

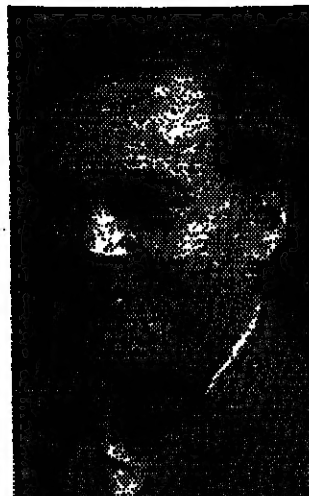
Soviet-Indian friendship is rooted in many things. Among them have been Moscow's support for India in its conflicts with Pakistan and huge amounts of economic and military aid pouring in since the 1950s.

Moscow is almost universally portrayed in the press and political circles in New Delhi as a loyal friend. U.S. aid to Pakistan is almost universally viewed as a threat to India. Few experts expect this to change.

Yet in recent weeks, some Western analysts say they have detected a slight but significant softening in tone by India. The shift is traced only in part to India's heightened interest in obtaining U.S. high technology for its military.

More important, senior U.S. diplomats say they discover a greater willingness by Indian officials to express misgivings, if only in private, about the presence of more than 100,000 Soviet troops in Afghanistan.

In conversation with Americans, Indian officials now reportedly contend that the United States has only been stiffening Soviet resolve to keep its troops in place, which leaves the assumption that the In-



Rajiv Gandhi

dians agree that the soldiers should be removed.

The Americans regard this as a vast improvement over earlier arguments that the Russians were in Afghanistan because Kabul "invited" them.

But in an interview with Newsweek published Sunday, Mr. Gandhi reiterated the standard Indian formula, saying that Soviet troops had been invited into Afghanistan. He also asserted that U.S. covert aid to the Afghan rebels was keeping the Russians there.

WORLD BRIEFS

20 Dead, 13 Missing in Tanker Blasts

ALGECIRAS, Spain (AP) — The death count from the explosion and fire Sunday that destroyed two tankers has reached 20, with 13 persons still missing, a spokesman for the provincial government said.

Spanish flags flew at half-mast throughout the port as Monsignor Antonio Dorado Soto, bishop of Cádiz and Ceuta, said a Mass for the victims among the crews of the Panamanian-registered Petragon One, the Spanish Camponavia and workers at the refinery next to which the blasts occurred.

Firemen worked throughout Monday to locate bodies of more victims trapped in the sunken hulls of the two vessels. Officials have not determined the cause of the mid-morning blasts but have conjectured they could have been set off by gases accumulated in one of the holds of the Petragon One.

Ex-Mexico Police Aide Goes Into Exile

MEXICO CITY (WP) — The former director of one of Mexico's national police forces has left the country, apparently heading into voluntary exile after revelations of the force's involvement in drug trafficking.

Jose Antonio Zorrilla, former chief of the Federal Security Directorate, flew to Madrid on Saturday, a day after the government signaled that it would not permit him to run for congress in elections July 7.

He had left his job as head of the directorate in early March, ostensibly to become a candidate for the Chamber of Deputies. But Mexican political sources have said he was dismissed as part of the current cleanup of police agencies. Mr. Zorrilla is the highest official reported to lose his job in the cleanup. More than 400 of the directorate's 2,200 agents have lost their jobs.

Kohl and Mitterrand Meet Today

BONN (Reuters) — Chancellor Helmut Kohl of West Germany and President François Mitterrand of France will meet Tuesday to try to smooth out disagreements on issues including U.S. plans for space-based defense.

Diplomatic sources said both leaders hoped the one-day meeting in the lakeside town of Constance, West Germany, would dispel impressions of a policy rift between the allies.

Last week Mr. Kohl toned down an earlier endorsement of President Ronald Reagan's Strategic Defense Initiative. He appeared to be seeking not to distance himself from Mr. Mitterrand, who has refused a research role for France on the Reagan project.

Portuguese Leader Is Visiting Macao

MACAO (Reuters) — President Antonio Ramalho Eanes of Portugal arrived Monday in Macao at the end of a visit to China, where he held talks on the future of the Portuguese-administered territory. The Chinese leader, Deng Xiaoping, told Mr. Eanes that the future of Macao would be settled easily through friendly consultation.

Mr. Eanes, the first Portuguese president to visit Macao, was handed the keys to the territory, which was founded 428 years ago. It was the first European settlement on the south China coast. China and Portugal announced in Beijing last week that they would soon open talks on the transfer of Macao to Chinese rule. Lisbon conceded sovereignty in 1975.

Terrorism Laws Proposed in Kuwait

KUWAIT (AP) — Sheikh Saad al-Abdullah al-Salem al-Sabah, Kuwait's crown prince, denounced the attempt last weekend on the life of Kuwait's emir, asked parliament Monday to issue anti-terrorist legislation.

"The government will labor hand in glove with parliament to enact laws necessary for the protection of the country," Sheikh Saad, who is prime minister, said in a speech broadcast on radio and television. "It is high time we stood united to tell all, that although we are a small country, we are capable of confronting evil, subversion and aggression." He did not spell out the nature of the proposed legislation.

A car bomb was driven Saturday into the motorcade of the emir, Sheikh Jaber al-Ahmad al-Sabah, killing three persons and injuring the emir and 11 others. The independent newspaper al-Anbaa said the car's driver belonged to the Islamic fundamentalist al-Dawa party. Security officials said that more suspects had been arrested.

East Bloc Is Said to Train Salvadorans

WASHINGTON (AP) — Documents said to have been captured from Salvadoran rebels six weeks ago indicate that the Soviet Union, Vietnam, Bulgaria, East Germany and Cuba have been providing training to the insurgents.

State Department officials who made the documents available said the papers underscored the breadth of the outside assistance provided to the rebels. The officials spoke on condition of not being identified by name. The documents did not specify whether the training was political or military, and offered no indication whether the training was part of a pattern involving large numbers of insurgents or whether such instruction has been given only on a limited basis.

For the Record

China and Britain exchanged documents Monday ratifying their agreement on the future of Hong Kong. (Reuters)

Four Ghanaian civil servants convicted of defrauding the Bank of Ghana of 37.3 million cedis (\$700,000) were sentenced Monday to death by firing squad, the Ghana News Agency reported. (Reuters)

Roque Carranza was named defense minister of Argentina on Monday to replace Raúl Borrás, who died Saturday. (AP)

The Future of Stroessnerism Is Debated by Paraguayans

(Continued from Page 1) resisted political liberalization. In December 1983, it allowed leaders of the Popular Colorado Movement to return home after 25 years in exile in Buenos Aires, apparently fearing they might be backed by Argentina's new democratic government.

But their movements in Paraguay are restricted — policemen on motorcycles follow them wherever they go — and they have virtually no access to the government-controlled press.

On the other hand, the influential leaders of the Authentic Radical Liberal Party and the Christian Democratic Party, Domingo Laino and Luis Alfonso Resck, remain banned from Paraguay. The National Human Rights Commission, whose members suffer frequent harassment, said about 50 political prisoners were still being held, including Harberto Alegre, a lawyer who has defended peasants in land disputes.

Carmen Casco de Lara Castro, president of the Human Rights Commission, said that compared to the mid-1970s, when there were more than 1,000 political prisoners, there was an apparent improvement. "But there is no repression because there is no opposition," she said. "And as soon as there is opposition, there is repression."

In 1979, the opposition parties, including the small Tejerista Revolutionary Party, formed a so-called National Accord aimed at coordinating their activities.

To mark Independence Day on May 14 this year, the alliance was allowed to hold a meeting in a downtown square of Asunción that drew about 3,000 people. In practice, intimidated by the government and weakened by infighting, it has won little public support.

"If Stroessner dies now, Stroessnerism will easily survive," said Ulicides Acevedo, president of the Febrerista Revolutionary Party. "I'll say something odd: I hope he lives for two more years. We need to use the next two years to present credible alternatives for the transition."

Rescue Efforts Are Under Way in Bangladesh

(Continued from Page 1)

faq, reported that hundreds of survivors were clinging to the bamboo rooftops of their destroyed homes.

Of the seven islands most seriously affected, three had been formed within the past decade and only relatively recently became inhabited by fishermen and farmers who had been displaced by continuing erosion of the river banks in the delta area.

On one of the islands, Ujchar, about 20 square miles (50 square kilometers) in size, 500 to 600 houses were swept away. The authorities were unable to say how

many people perished because some of the missing may have fled to the mainland.

"Nobody knows how many settlers were there," Tajul Islam, General Ershad's press secretary, said Monday. "But it is true, many were swept away, maybe a fourth."

Because of the remoteness of the area and disruption of communications, many localities could not be reached by the district government authorities. A disaster control center official said it may take rescue workers two or three days to reach those areas.

Three navy ships were reported

to be moving through heavy seas to reach the islands, and air force helicopters ferried in medicine, food and other supplies to the survivors.

General Ershad visited Ujchar on Monday in his personal helicopter and, according to Mr. Islam, personally supervised the burial of two victims.

The state-run television showed film of the president giving water and biscuits to children and handing out clothing to other victims.

Witnesses returning from the relief operations said that the delta and the Bay of Bengal were littered with thousands of bloated corpses

of cattle, creating potential health hazards.

An official at the disaster control center said that in 21 subdistricts in the Chittagong and Cox's Bazar area alone, half the dwellings and 80 percent of the crops were destroyed.

The authorities said that among the missing were fishermen who had been out to sea when the cyclone struck and farmers who may have tried to flee to safety by boat as the storm developed.

General Ershad called off a scheduled state visit to China on Wednesday.

Red Cross Evacuation Is Cut Short in Beirut Camps

(Continued from Page 1)

access to the Sabra and Chatila camps, which Amal says it has controlled since Wednesday.

Sporadic shooting and explosions echoed from all three camps on Monday. Moves to end the fighting, which has killed at least 250 people and wounded 1,000, remained deadlocked.

The Palestinians reject Amal's demand that they hand over weapons

to a neutral militia and let the army police the camps. They accuse Amal and the army of killing Palestinian civilians and fighters in cold blood. Amal denies the charge.

In the Sabra camp, where the fighting has flattened or gutted most buildings, an army lieutenant said: "There are a few Palestinian

killers still here. The problem is, we can't get them out of their tunnels."

Details of the layout of the tunnels, built years ago to withstand siege or air attack, had been drawn from Palestinian prisoners under interrogation, he said.

Up to 25,000 Palestinians have fled the camps and their homes elsewhere in the city. Many of them say hundreds of wounded are dying

in the camps for lack of medical attention.

Most of Sabra's buildings appeared to have been gutted by shelling, rocket fire or bullets. Roofs sagged perilously with debris. Walls lay on top of one another like packs of playing cards. Many cars were buried, flattened or riddled with bullet holes.

(UPI, Reuters)

Trial Starts for Agca, 7 in Pope's Shooting

(Continued from Page 1)

tion alleges that the assassination attempt was mounted by the Soviet bloc in an attempt to suppress social and political upheavals in the pope's native Poland.

The defense contends that Mr. Agca has been influenced while in prison by people with an interest in linking the Soviet bloc to the papal plot.

In his testimony, Mr. Agca said that he wanted to underline that he was completely sane. He said that he was determined to tell the truth about the assassination attempt which he described as "the greatest tragedy in the history of mankind."

In the case next to Mr. Agca sat Sergei Ivanov Antonov, 37, the former deputy director of the Bulgarian state airline in Rome who was

arrested in November 1982 on charges of complicity in the plot.

In testimony to investigators, Mr. Agca named Mr. Antonov as the driver of a getaway car in which he was to have escaped after the assassination attempt. Mr. Antonov has denied meeting Mr. Agca or having anything to do with the plot to kill the pope.

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Iran and Iraq Step Up Raids

(Continued from Page 1)

ic Call party, which is fighting for an Iranian-style government in Iraq.

The emir escaped with only scratches, but two security guards and a passerby were killed along with the bomber.

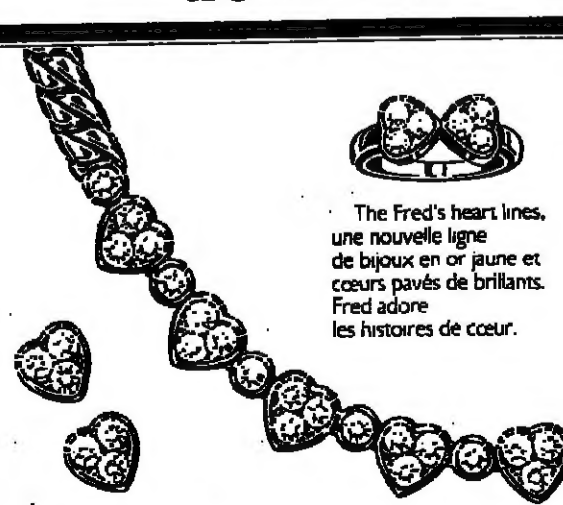
Iraq, meanwhile, sent home 30 wounded and sick Iranian prisoners of war Monday under Red Cross supervision.

The chief of the Red Cross commission here, Franklin Thevenaz, said at Baghdad airport that a joint Iraqi-Red Cross medical commission decided to send the POWs home without demanding Iraqi prisoners in exchange.

Mr. Thevenaz said that the POWs, most of them in their 20s, would be handed over to Iran at Ankara airport under Turkish government supervision — the usual procedure for prisoner repatriations in the war. Iran returned 42 disabled Iraqi POWs last month.

(UPI, Reuters)

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ing in Tanker Blast

The death toll in a tanker explosion in the Gulf of Mexico has risen to 11, with 15 others injured, according to a report from the U.S. Coast Guard. The explosion occurred on the tanker *Albatross*, which was carrying a large quantity of oil. The ship was en route to the port of New Orleans when the explosion occurred. The cause of the explosion is still under investigation.

Aide Goes Into Exile

The German Chancellor, Helmut Kohl, has ordered the resignation of his chief of staff, Generalleutnant Hans Genscher. Genscher had been in the position since 1982. The reason for his resignation was his involvement in a scandal involving the sale of arms to Iran. Kohl announced the decision on Monday.

and Meet Today

Helmut Kohl, German Chancellor, will meet today with the President of the European Council, Francois Mitterrand. The meeting is part of a series of discussions between the two leaders regarding the future of the European Community. Kohl is expected to leave for Paris on Tuesday.

er Is Visiting Mac

Antonio Rangel, Minister of the Interior of Brazil, is visiting Macao. Rangel is on a two-day visit to the territory. He will meet with the Macao Governor, Jaime Cortesao, and other officials. Rangel is expected to leave Macao on Wednesday.

Proposed in Kuwait

A proposal for a new constitution for Kuwait has been put forward by the Kuwaiti government. The proposal is part of a series of reforms aimed at modernizing the country's legal system. The new constitution is expected to be adopted in the near future.

to Train Salvadoran

The United States has agreed to provide training for Salvadoran police officers. The training is part of a larger program to help the Salvadoran government build a more professional police force. The program is being funded by the U.S. State Department.

Stroessnerism

Stroessnerism, the political ideology of the late Paraguayan dictator Alfredo Stroessner, is being studied by scholars. The ideology is based on a combination of nationalism, conservatism, and authoritarianism. It played a significant role in Paraguayan politics for several decades.

Paraguayans

Paraguayans are celebrating the anniversary of the country's independence. The celebrations are taking place in Asuncion, the capital city. The anniversary is a day of national pride and unity for the Paraguayan people.



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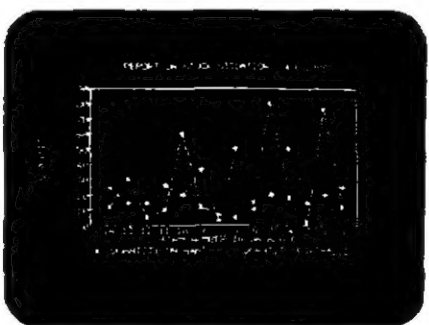
It lets you combine and cross-reference information for quick analysis.



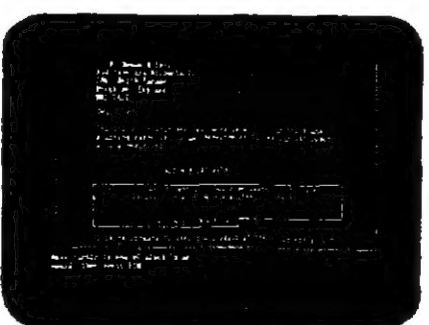
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Botha Says Whites Will Never Accept Black Rule

The Associated Press
LONDON — President Pieter W. Botha of South Africa says that the black majority must be given a say in government "at the highest level possible" but that the white minority will never accept black rule.

"I rule out a unitary state," Mr. Botha said Sunday in an interview televised in London. He said that whites "will never accept a unitary state in which they will be dominated by majority rule. We believe in the principle of one person, one vote as long as it is not in a unitary state."

South Africa's two other minority racial groups, Asians and people of mixed race, can elect representatives to separate houses in the three-chamber Parliament dominated by the five million whites. But the 22 million blacks are excluded from Parliament. The government views them as citizens of tribal homelands and allows them to vote only for tribal leaders and community councils.

The government announced Saturday that it will permit members of different races to join the same political party. But the government said it will continue to bar blacks from voting for national offices.

Mr. Botha said, "We must make provision on as many tiers of government as possible for them to take part and to have a say in their own affairs, firstly." He said blacks should "also have a say in those matters of common concern with us," and "eventually I would say to the highest level possible."

Asked if he ruled out blacks ever sitting in the same Parliament as whites, he said, "I don't foresee the future in 30, 40 years' time. If we take an evolutionary process, it is not for me to describe what will happen after the discussion has been completed."

Militiaman Is Wounded By Rightists in Maputo

United Press International
LISBON — Rightist guerrillas seriously wounded an unarmed militiaman in central Mozambique early Monday in the first such guerrilla strike in the Mozambique capital, reports reaching Lisbon said.

Portuguese radio, citing official sources in Maputo, said the gunman fired on the unarmed, off-duty militiaman on a central avenue and then escaped by car.



Li Jong Yul, vice president of the North Korean Red Cross, left, is greeted by the South Korean chief delegate, Lee Young Dok, in Panmunjom in the Demilitarized Zone.

Koreans Discuss Separated Families

Reuters
PANMUNJOM, Korea — The first North Korean delegation to visit Seoul in 12 years arrived Monday for talks on reuniting millions of family members separated since the Korean War.

The Red Cross group — 14 delegates and advisers, 50 journalists and 20 attendants — walked across the Demilitarized Zone at this border village 25 miles (40 kilometers) north of Seoul.

Seoul officials said they did not expect much progress to be made in the talks on Tuesday and

Wednesday because North Korea wanted to shift the spotlight to its proposal for discussions on political issues.

But Lee Young Dok, the chief South Korean delegate to the Red Cross talks, said at Panmunjom that he would try to make the discussions productive and tackle substantive matters.

He said the first item on the South Korean agenda would be to try to find out which separated family members were still alive in the North and their addresses.

Bangladesh Floods: Annual Disaster

By William R. Greer
New York Times Service

NEW YORK — The high waves that raked the Bangladesh coastline and the spray of islands in the Ganges River delta this past weekend are a phenomenon that strikes the country annually, often destroying the homes and crops of hundreds of thousands of people and, occasionally, taking as many lives.

Thousands of islands are created, swept away and recreated every year at the point where the brown waterways of the Ganges delta flow into the Bay of Bengal. These shifting islands, called *chars*, team with farmers during the dry, when they come to plant and harvest rice in the rich soil.

It was from these islands that thousands of Bangladeshis were swept into the ocean Saturday by 10- to 15-foot (3- to 4.5-meter) waves created by a cyclone with winds as high as 100 miles per hour (160 kilometers per hour).

Bangladesh is especially susceptible to the ravages of cyclones and the high waves, called "tidal bores," that race along before them. Its landscape is broad and flat, cut by the Ganges and Brahmaputra rivers, and one-third of the country floods annually as monsoon rains cause the rivers to overflow their banks.

It is also one of the most densely populated countries in the world, with at least 95 million people crowded into 55,126 square miles (143,330 square kilometers). Every year is marked by flooding that destroys homes, scarce crops, and lives. There are also droughts, and, after both, famine.

On Nov. 11 and 12, 1970, a cyclone swept across the Ganges Delta and drove the sea far inland, flooding villages and killing at least 300,000 people.

In April 1977, waves created by a tropical cyclone in the Indian Ocean killed more than 600 people. In 1980, flooding forced the evacuation of 500,000 people, and 10 deaths were reported. Last June, flooding was blamed for the loss of 200 lives and the destruction of more than 50,000 homes.

"They get them annually," Ken Combs, a meteorologist with the U.S. National Weather Service in Washington said of the cyclones. "But depending on how they hit and where they hit, the casualty rate varies tremendously."

Saturday's storm started forming in the Indian Ocean at midweek, gathering strength from the evaporation of the ocean's warm water, and began moving slowly toward the Bay of Bengal, he said.

By the time the center of the storm struck land, just west of the capital, Dhaka, on Saturday, its winds were blowing steadily at 55 mph, with gusts of 70 to 100 mph, along a stretch of more than 100 miles, Mr. Combs said.

Afghan Rebels Hope Unity Will Aid Fight

By Rone Tempest
Los Angeles Times Service

PESHAWAR, Pakistan — Since the Soviet intervention in Afghanistan in December 1979, disunity and conflicts between resistance factions have plagued the Mujahidin fighting Soviet and Afghan government troops.

But rebel leaders hope that an alliance formed here this month between moderate and fundamentalist factions will lead to greater cooperation.

That hope is shared by the U.S., Chinese and Saudi Arabian governments, which are expected to provide the rebels, under covert programs, with more than \$400 million in military aid this year.

The alliance, called the *Fronte Islamique Afghanistan*, is composed of the seven largest and most active guerrilla organizations.

It marks the first time that all the leaders of the major groups, which range from extremist orthodox Muslims, akin to those in neighboring Iran, to Western-style secularists, have sat down together in a *shura*, or ruling council.

"Never before have all gathered," said Dr. Farouk Azam, a senior leader in the moderate National Islamic Front.

Surgul Spens, a spokesman for the fundamentalist Islamic Party, said: "It is one of the most important actions taken in the past seven years."

Before the alliance, he said, no one could speak for the resistance movement.

One of the main purposes of the alliance is to choose a single spokesman from among the seven leaders to represent the resistance in international forums, something that has been embarrassingly lacking in the last five years.

At least 37 organized rebel groups are active in Afghanistan. They include royalists fighting for the return of Mohammed Zahir Shah, the deposed king now in exile in Rome; Persian-speaking Shiite Muslims; Maoists and obscure Sufi Muslim sects. They represent dozens of tribes in remote and rugged regions, and they speak dozens of languages and dialects.

So far, no one person has been able to speak for their cause — the overthrow of the Soviet-backed regime of Babrak Karmal and the withdrawal of the estimated 120,000 Soviet soldiers in Afghanistan.

"There is no Afghan equivalent of the Palestine Liberation Organization," said a British journalist, Edward Morfitt. "No Afghan Yasser Arafat to appear as 'Mr. Afghanistan' on the front pages and TV screens of the Western world."

This lack of a single figure has worked against the resistance

movement in its pursuit of funds and equipment.

Barhaiddin Majrooh, director of the Afghan Information Center in the United States, said "it was very awkward" when every rebel leader was going to the United States and holding his own press conferences.

On occasion, the competition for money and attention led to violence between rival groups. Last summer, the Pakistani government ordered the various Mujahidin organizations to move their offices outside the central business area of Peshawar, this city in the North-West Frontier Province where most of them had their headquarters.

The order was issued after a bomb thought to have been planted by one Mujahidin group exploded outside the office of the Islamic Party, killing four people.

More conflicts were reported inside Afghanistan. A prominent rebel leader near the southwestern city of Kandahar recently defected to the Communist government after losing his territory to a rival organization in a series of armed battles.

In the face of an expanded Soviet offensive in Afghanistan, which this year for the first time did not relax in the winter months, Afghan leaders and Western diplomatic sources say there have been fewer cases of internal fighting and that field commanders are pushing for more united leadership from their Peshawar-based organizations.

"The Mujahidin fighters have been feeling so unhappy because of these divisions," said Rasool Tarshi of the Fundamentalist Islamic Society. "I can tell you that once this unity is achieved, the Russians will run away, leaving their weapons behind."

There are, of course, other poten-

tial benefits to having a movement under one banner. The leaders of the seven major groups hope that the other, smaller groups will come into the fold, although not as members of the ruling council.

According to Gulbaddin Hekmatyar, leader of the Islamic Party, who announced the alliance at a press conference here last week, the alliance will have military and supply advantages in addition to public relations benefits.

Mr. Hekmatyar said later that the Mujahidin would be able to consolidate and stockpile equipment.

"We should be able to simultaneously mobilize all our jihad forces in a united front against the Russians inside Afghanistan," he said.

Western diplomats, who have hoped for unification of the Muja-

hidin to help control the aid and to make it easier to keep track of the money spent here, are skeptical that the alliance will last.

"It could be significant," one said. "It will probably allow them to have a central spokesman. That in itself would be a giant step forward. But if all this turns out to be some kind of vague body put together for public consumption only, then I don't think it will make any difference."

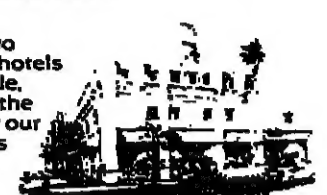
Yugoslav Leader Goes to U.S.

The Associated Press

BELGRADE — Prime Minister Milka Planinc left Monday on a state visit to the United States. Economic issues are to be at the center of her talks with top officials, including President Ronald Reagan.

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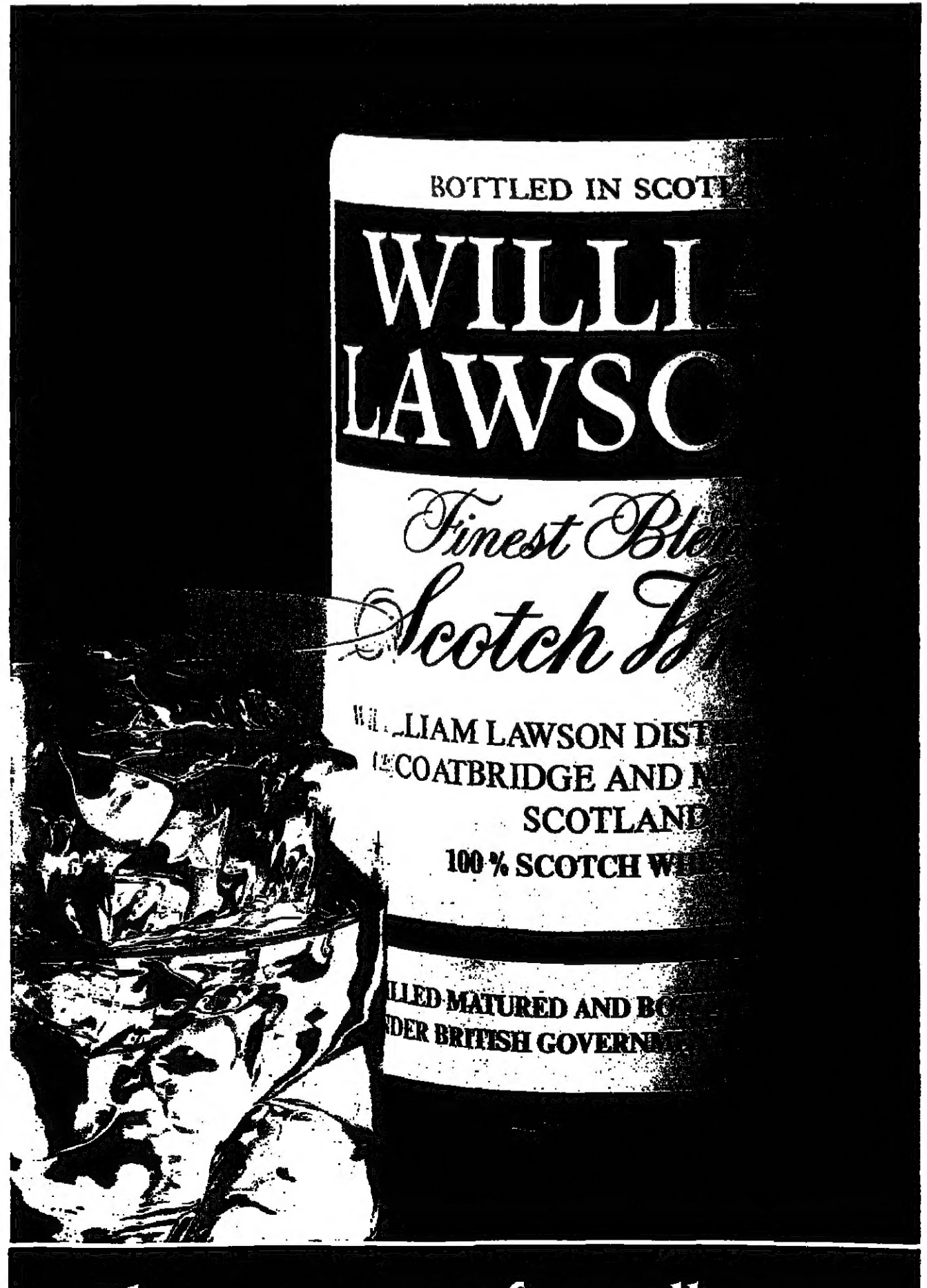
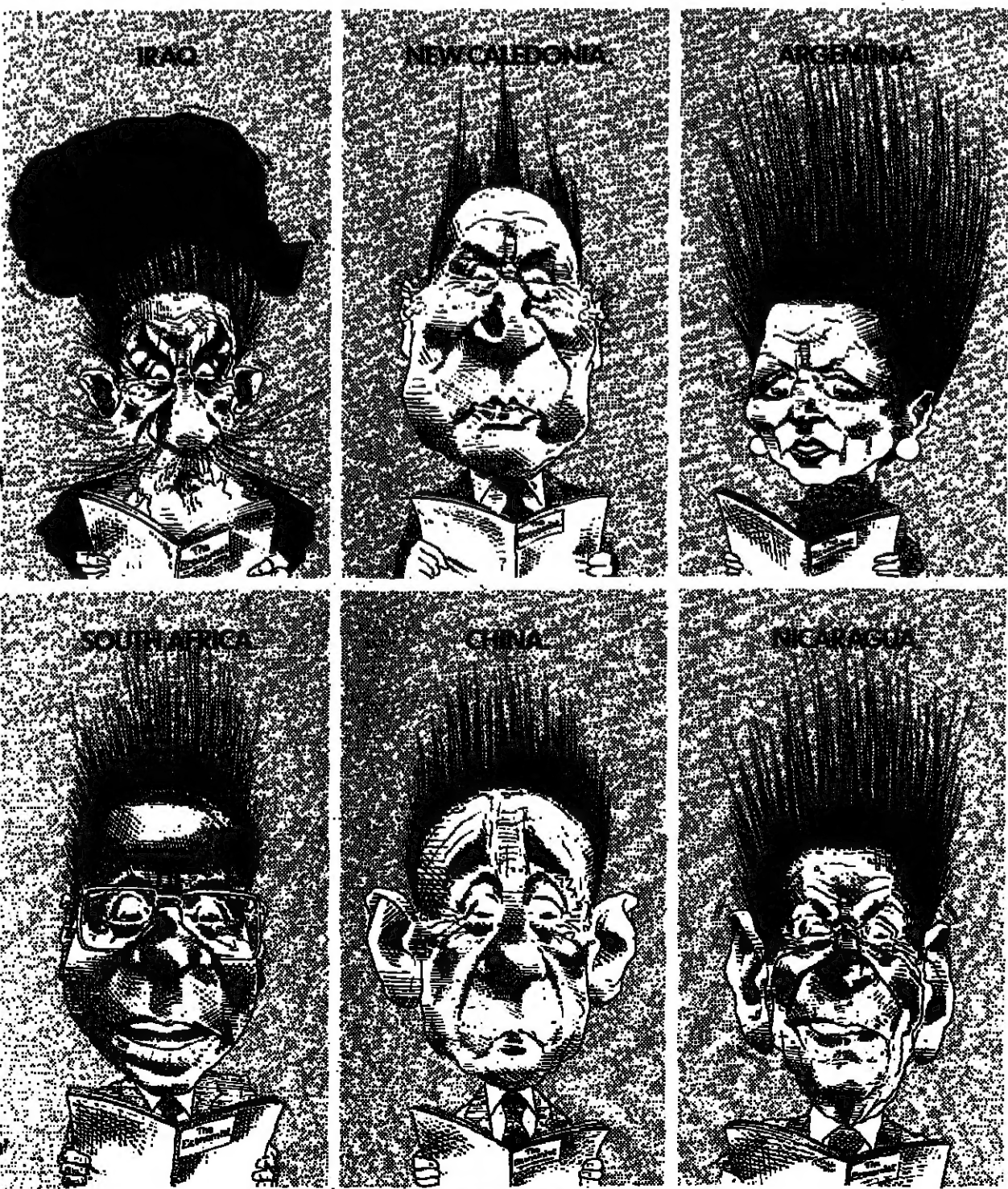
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IF THERE'S AN ISSUE WORTH RAISING, IT'S IN THE ECONOMIST.



Gain by IRA Political Wing in Ulster May Delay Peace Search

By Jo Thomas
New York Times Service

LONDON—The latest exercise in democracy in Northern Ireland appears to have complicated a search by Britain and Ireland for a political solution to the Ulster violence.

Although both Britain and Ireland would like to announce progress, they now agree that any meeting between their prime ministers on Northern Ireland is unlikely before fall.

A strong showing in Ulster's recent local elections by Sinn Fein,

the political wing of the Irish Republican Army, added to the uncertainty in Ireland.

The Irish want support for a nonviolent solution in the North while it still has some currency there, and they want to keep Sinn Fein's success from spreading south to the republic.

Sinn Fein is fielding 122 candidates next month in local elections in the Irish Republic. And it has denounced the Irish government for "jailing, extraditing and censoring those who pursue the same aims as the men and women of 1916"—those in the uprising for Irish independence from Britain.

Sinn Fein's name is not allowed on the ballot in Ireland, so all 122 candidates have changed their names to include the words "Sinn Fein."

Gerry Adams, president of Sinn Fein, said in Dublin last week that

the party intended to use the election as a means to break the isolation imposed by an Irish law forbidding radio and television interviews with Sinn Fein members.

British officials said they were neither surprised nor impressed by Sinn Fein's showing in the elections in Northern Ireland. And they profess to see no effects on the talks with Dublin.

The Northern Ireland Office had predicted that Sinn Fein would win 55 to 60 seats. By contrast, Sinn Fein predicted 35 seats. It won 59.

However, the party's 11.8 percent share of the total vote was down from both the parliamentary election in 1983 and the European election of 1984.

Sinn Fein did not run candidates throughout the province, but in the places where it did run it took 41.6 percent of the nationalist vote over-

all. The party made a particularly strong showing in Belfast, where its candidates got 52 percent of the nationalist vote, and in other cities.

Sinn Fein's success in the Assembly elections a year earlier set alarm bells ringing in the Irish Republic, where party leaders agreed they had to do something to keep Sinn Fein's success from moving south.

It gave them impetus to set up the New Ireland Forum, whose proposed changes in political structure were ruled out last winter by Prime Minister Margaret Thatcher.

With this kind of support, Dublin analysts feel, Sinn Fein could expect next time to win three of the province's 17 seats in the British Parliament: West Belfast, Mid-Ulster and Fermanagh.

It was the election of Mr. Adams in 1983 as the West Belfast member of Parliament, Irish officials believe, that worried the British suffi-

ciently to induce them to reopen talks on the province.

Sinn Fein's success in the Assembly elections a year earlier set alarm bells ringing in the Irish Republic, where party leaders agreed they had to do something to keep Sinn Fein's success from moving south.

The top item on the British agenda for the moment appears to be security. Although this may entail cooperation with Ireland on the police, judiciary and prisons, it will not include change in the constitutional status of the North.

It is just this political framework, however, that the Irish believe must accommodate Northern nationalists if they are to regard the security forces as something other than an army of occupation.

It is unlikely that the two prime ministers will meet again without first having good prospects for agreement.

Garret FitzGerald, the Irish prime minister, said at his Fine Gael party conference this month that the chances for this are, "at best, perhaps, evenly balanced."

Recent signs that the British are prepared to tough it out with the status quo deeply worry the Irish. Mr. FitzGerald warned that doing nothing would increase "the risks of disintegration of society in Northern Ireland as well as the threat that such a disintegration would spread to our society also."

Last week, an IRA bomb killed four police officers near the border town of Newry. An exchange of accusations later brought to light a dispute that had been simmering for two years between the chiefs of police in the republic and in Northern Ireland. The two chiefs are not on speaking terms even though their forces cooperate.



Gerry Adams

Senate Fund For Europe Is Attempt to Update Arms

By Joseph Fitchett
International Herald Tribune

BRUSSELS—A Senate plan to allocate \$200 million for cooperative weapons research between the United States and its European allies is aimed at helping NATO to obtain highly sophisticated conventional arms, a U.S. official said Monday.

The official, David M. Abshire, the permanent U.S. representative to the North Atlantic Treaty Organization, said, "The plan is supposed to promote greater trans-Atlantic cooperation, more integration among European defense industries and a significant alliance savings in weapons research and development."

The sponsor of the proposal, an amendment to the 1986 military budget, was Senator Sam Nunn of Georgia, the senior Democrat on the Senate Armed Services Committee. The measure was tentatively approved last Wednesday, and Senate leaders hoped to complete action on an overall budget this week. The House also must take action on the defense budget.

Mr. Nunn has frequently criticized European governments for failing to keep pace with U.S. spending to increase NATO's ability to defend itself with nonnuclear weapons. His proposal marked a change of tone.

The Senate defeated last year a bill sponsored by Mr. Nunn that called for a withdrawal of one-third of the U.S. troops stationed in Europe unless the allies increased military spending to maintain the U.S. troop commitment.

Mr. Nunn has said that the United States should no longer assume what he believes is a disproportionate share of NATO's budget.

Mr. Nunn said last week that he was offering a carrot this year instead of a stick. But he added that he would watch NATO developments and that he had no intention of "allowing the situation to return to business as usual."

"Year after year, the U.S. has spent 2 to 4 percentage points more of its gross national product for defense than have our allies," he said.

Under the Senate proposal, the research funds would be available only to the extent that other countries agreed to match U.S. spending and to participate in specific projects.

Mr. Nunn said that in 1984, which he said was probably the year in which NATO collectively spent the most, Warsaw Pact countries outproduced the alliance in tanks, artillery, aircraft and ships by margins of from 2-to-1 to 5-to-1.

He said that while NATO spends more, production standardization gives the Warsaw Pact an advantage.

Another U.S. official at NATO said the United States hoped that European governments would participate in the Senate plan to overcome the lack of coordination among their national defense industries. An ideal vehicle, he said, would be the Independent European Program Group, a body that includes all the European members of the NATO military command as well as France.

The Nunn proposal, the official said, was aimed at getting U.S. and European military industries to start joint research on, for example, self-guiding missiles and advanced electronics for new fighter planes to be built in the United States and in Europe in the 1990s.

Undecided Greek Voters May Hold Key to Election

By Henry Kamm
New York Times Service

ATHENS—As the din of insult and accusation mounts to the climax of next Sunday's general elections, about 15 percent of Greek voters are still making up their minds.

They could decide the outcome between Prime Minister Andreas

Papandreu's Panhellenic Socialist Movement and Constantine Mitsotakis's opposition, the New Democracy Party, which is believed to be moving up from behind.

The latest polls, notably one by the magazine ENA, suggest that about 85 percent of the voters have made their decision and are split nearly evenly, with the Socialists leading by 3.2 percentage points.

Not many voters seem to be open to persuasion by campaign arguments. Party loyalties run deep in a nation still divided by memories of the 1940s civil war. "If someone got slapped in the face during the civil war, he passes it on to his children," said a textile worker in a coffee-house near Volos.

To Mr. Papandreu's supporters, the Socialists represent the common man struggling for justice in a capitalistic society ridden with economic and social privilege. They view New Democracy as the party of the privileged, intent on enlarging their holdings at other people's expense.

Mr. Papandreu, Greece's first leftist prime minister, is campaign-

ing for four more years to expand his social welfare programs.

His government has raised wages and pensions, eased access to education, improved health care and taken control of some industrial enterprises without quite nationalizing them.

Mr. Mitsotakis contends that the Papandreu programs are ruining the economy and says that the Socialists intend to perpetuate themselves in power by means fair or foul. Promises to remove onerous import duties from automobiles and to shorten military service are among his main vote-getting tactics.

No matter how high the cost of Socialist measures, Greeks seem unworried about where the money they are spending comes from. With the economy stagnant and drawing no investment, most of it comes from foreign loans and the government printing press.

The Socialists inherited \$9 billion of foreign debt in 1981; the total is now more than \$13 billion. They have reduced inflation from 25 percent to 18 percent, but that rate is still more than three times the European Community average.

Mr. Mitsotakis calls for far-reaching liberalization of the economy. He would sharply cut the state's role and rely on market forces, he says. This would reverse both the Socialist approach and also the policies of Mr. Mitsotakis's conservative predecessors; they introduced state participation far beyond the European average.

With the election close enough to raise the possibility of no party winning a majority, attention has turned to the pro-Moscow Communist Party, which controlled 13 seats in the outgoing 300-member legislature.

The Communists have been hardly kinder to the Socialists than to New Democracy. They are believed likely to drive a hard bargain, should a minority Papandreu government need their support. Their declared goal is to deprive both main contenders of a majority.

The campaign has been virtually devoid of foreign policy debate. The America-baiting that was important in Mr. Papandreu's 1981 victory has been remarkably absent this time.

Mr. Papandreu has mentioned the Western alliance only indirectly, as part of a populist assertion of Greek independence. Turkey has replaced the United States as the main foreign target, with Mr. Papandreu taxing his opponent with being "soft" on what is called "the national problem."

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Aid for Anti-Left Rebels Gaining Support in U.S.

(Continued on Page 7, Col. 1)

years to attain for anti-government rebels in Nicaragua. When U.S. officials first sought to justify helping the Nicaraguan rebels in 1981, they did not say much to Congress about the goals of the insurgents or the need to remove Marxist-Leninists from the Nicaraguan government. Instead, they cited only a tactical need: to stop Nicaragua from aiding leftist guerrillas in El Salvador, where the Reagan administration had inherited a substantial U.S. commitment to a government threatened by leftist rebellion.

Gradually the terms changed. The goals became loftier. The rebels are now "freedom fighters" who need U.S. backing to achieve a democratic and Communist-free government in Managua. Similar descriptions are being applied to other countries' anti-Communist insurgents from the start.

A senior State Department official traced the administration's new approach to President Jimmy Carter's advocacy of human rights.

Don Wallace Dies; As 'W6AM' Spoke To Radio World

Los Angeles Times Service

LONG BEACH, California — Don C. Wallace, 86, a pioneer in radio communications and dean of U.S. long-distance amateur radio operators, died Saturday after suffering a stroke.

Mr. Wallace had been in touch with more people in more countries than any other ham operator in the world since 1955, colleagues said Sunday.

Using his W6AM call sign and broadcasting from his ranch dotted with antennas atop a ridge on the nearby Palos Verdes Peninsula, Mr. Wallace became perennial champion "collector of countries." By 1980, he had reached 365 places classified as nations by the American Radio Relay League.

A licensed radio operator by 1912, Mr. Wallace was chief radio operator for President Woodrow Wilson at the Versailles peace conference after World War I.

Other Deaths: Arnold Zohn, 60, the founder of Arno Press and a former vice president of The New York Times Co., Friday of congestive heart failure in Boston.

Meg Casey, 29, believed to be the oldest survivor of polio, a rare genetic disorder causing premature aging, Sunday in Milford, Connecticut.

"We debated whether we had the right to dictate the form of another country's government," he said. "The bottom line was yes, that some rights are more fundamental than the right of nations to nonintervention, like the rights of individual people."

The current in-house debate, he said, has taken this step further. "There's a growing sense that people's rights include the right to determine their own form of government; that is, we don't have the right to subvert a democratic government, but we do have the right against an undemocratic one."

In pursuit of that proposition, the administration is already stepping gingerly into a gray area where it is not so easy to decide which rebel groups are genuinely democratic and which leftist governments are beyond some nonviolent form of redemption.

"What we're trying to understand is what the essential traits are distinguishing one group of freedom fighters from another," said Senator Robert W. Kasten Jr., a Wisconsin Republican, opening a hearing on May 8 on the subject before his appropriations subcommittee on foreign operations.

Representative Stephen J. Solarz, a liberal New York Democrat, offered six possible criteria, arguing that aid should be considered for groups fighting non-Communist repressive governments as well as Communist governments.

"The rebel group should be indigenous to the country, he said, and should be resisting a foreign occupier rather than an established, recognized government. It should have broad regional and international support that its government lacks, as well as backing in the United States. And U.S. military support should advance a significant American objective as well as enhance the prospects for a negotiated settlement."

Under these guidelines, Mr. Solarz said, aid to the Nicaraguan rebels is not justified, because the government there is not a foreign occupation force. Aid to the African National Congress in South Africa and to the rebels in Angola is ruled out for the same reason, he said.

But Mr. Solarz sponsored the proposal for \$5 million in overt military aid to non-Communist Cambodian insurgents that has been advancing through Congress, because that group meets his standards, he said.

In what several officials called the clearest statement yet of the administration's position, Richard L. Armitage, assistant secretary of defense for international security affairs, told Mr. Kasten's hearing. "The enemy of our enemy will be



William J. Casey

assured of our friendship if he shares our values in his opposition to our enemy."

He added, "Not every group that professes anti-communism deserves our support."

But he avoided listing criteria, saying that the decisions must be made on a case-by-case basis. "The only real issue here is the type of support which should be offered — overt or covert, guns or medicine, money or food," he added. It should come in conjunction with social reform efforts and after consultation with U.S. allies and should include consideration of the effect on U.S.-Soviet relations, he said.

"Once we have extended aid, the recipients should have a reasonable expectation that the aid will continue," Mr. Armitage said. "The struggle of anti-Communist groups takes place within and affects an international context in which the stakes are very high."

Noel C. Koch, Mr. Armitage's principal deputy, said in an interview that Mr. Kasten's hearing was "a watershed in the policy process" and that Mr. Armitage's statement was about as far as one could go in spelling out criteria for groups worthy of U.S. aid.

"When you come up with a doctrine and announce it to the world and it's definitive, it's also vulnerable to damage from cases that don't quite fit, he said.

Cuban Media Compete With Radio Martí

New U.S. Station Prompts Overhaul in Monopoly Broadcasting Service

By Colin McSevery

HAVANA — Even before the U.S. government's Radio Martí began broadcasting to Cuba last week, it had jolted the Cuban media establishment out of a complacency fostered during almost 25 years of monopoly.

The Voice of America, broadcasting from a transmitter in the Florida Keys, says it intends to offer Cuba's 10 million people an alternative source of news and entertainment.

Since President Ronald Reagan first announced the station's creation in 1981, media officials in Havana have been busy.

"One ironic effect of Radio Martí is that it has made the Cuban authorities much more skilled at selling their own propaganda," a West European diplomat said.

Television and radio services were overhauled, and Nivaldo Herrera, the director of broadcasting for over a decade, was replaced by a young technocrat from President Fidel Castro's team of advisers.

The improvements include the setting up of a round-the-clock radio station with a new format of

news programs, popular music, drama and documentaries.

The more popular of the two television stations now has full-color programming and plans to gradually extend its broadcasting hours until 3 A.M.

Television presentation in general has been made slicker, particularly in news programs, which now include such visual effects as split screens and moving headlines.

More emphasis is being placed on consumer criticism and investigative journalism, although the basics of the Communist system remain inviolate.

In addition, there are an increased number of imports of popular, long-running serials from non-Communist countries, including Mexico, Spain and Britain.

The improvements would eventually have been made anyway, said a Communist Party official. "Radio Martí just made us all the more aware that they were necessary."

But the Cuban media remain strictly under government control, and not even light entertainment programs stray from the Communist Party line.

A leading comedian was suspended briefly from work last year after joking to children on his live program that if they did not behave themselves he would put on Russian cartoons.

Havana Eases Resistance

The Cuban government appears to be softening its tough stand against Radio Martí, United Press International reported from Miami.

The day the station began broadcasting, the government suspended two agreements with the United States: a Dec. 14 accord that virtually normalized immigration proce-

dures and would have allowed up to 20,000 people a year to leave, and an agreement to return any hijackers that diverted airplanes from the United States to Cuba.

Cuban officials also threatened to stop allowing charter flights to Cuba and to start a "radio war" with the United States by broadcasting strong signals that would interfere with those of U.S. commercial stations.

But these threats have not been carried out, and the Cuban charges that Radio Martí is "ideological aggression, cynical and provocative" have faded as the days passed.

The reason may be that Radio Martí's message has proved mild in comparison with other Spanish-language commercial stations run by the Cuban exile community in Miami.

Martí programmers have reported, for example, on protests in New York against the U.S.-backed Chilean regime of President Augusto Pinochet and on American economic problems. There have been none of the acid attacks on the Castro regime that are standard on the half-dozen Cuban-run stations in Miami.

On May 21, both Radio Martí and Radio Havana began their broadcasts with the same news item, an announcement that the Soviet Union had promised to supply oil to Nicaragua.

The two stations have duplicated many news items. A notable exception was the lack of any reporting on Cuban economic or social problems on Radio Havana, which also reported on more events in the Soviet bloc.

Mengle Hunter Ejected From Hotel in Paraguay

Reuters

ASUNCION, Paraguay — Beate Klarsfeld, the Nazi hunter who is searching in Paraguay for Dr. Josef Mengele, the war criminal, says that she has been ejected from her hotel.

Mrs. Klarsfeld led a demonstration on Friday at which protesters carried a banner accusing President Alfredo Stroessner of lying by professing not to know Dr. Mengele's whereabouts. She said later that the hotel manager accused her of "offending the Paraguayan people in the person of the president," and told her to leave the hotel Saturday.

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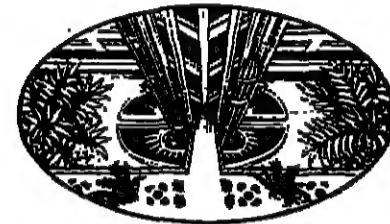
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14.30 WAYNE & SHUSTER	19.20 SKYWAYS	
15.00 SKY TRAX 1	20.10 MOVING REPORT	
15.45 SKY TRAX 2	20.40 US COLLEGE BASKETBALL	
16.30 SKY TRAX 3	21.35 SKY TRAX	
17.20 MR ED	23.25 CLOSE	
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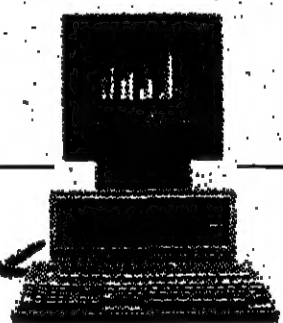
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The Lebanese Graveyard

Two impulses arise from sumbled contemplation of the latest stage of the Lebanese horror show. The first is ceaseless wonder at the capacity of the Lebanese not only to inflict but also to endure death and pain. Tens of thousands of civilian casualties have been suffered over a period of 10 years of civil war, foreign intervention and terrorism, but the passion with which the struggle is pursued seems not to have abated. Anger at foreign intrusions outlasts foreign withdrawals and boils on, directed at fellow Lebanese.

Fantastic explosions of the sort that quickly drove American forces out of Lebanon happen again and again in Beirut and are treated as routine. The other day, a car bomb killed about 80 people, including a group of children who were passing by. Who did it and why are unknown. The Lebanese reel under the impact, some of them, of course, vow revenge. Americans feel compassion but, fatigued, see no easy way to translate it into action.

Along with the wonder, there is among Americans a pervasive confusion about what is going on. The latest battle in Beirut illustrates the difficulties. Palestine Liberation Organization forces evidently were trying to re-establish

a presence in three Palestinian refugee camps — Sabra, Chatila and Borge Barajai — in the city's heavily Shiite suburbs. Amal, the Shiite militia, fearing that the re-creation of a Palestinian "state within a state" would draw Israeli involvement, went in after the PLO.

The Syrians would like to trim all of Lebanon's militias down to size and assert their own hegemony, but in this instance, being close to Amal and also to some of the PLO units, they seem mostly to be letting the fire burn out. Not content to fight house to house, both sides have been firing artillery. The Shiites, who were outraged when Christian militiamen slaughtered Palestinians in Sabra and Chatila in 1982, are reported to have sent squads into hospitals to kill Palestinian patients.

Lebanon is a graveyard: for its citizens and their hopes of unity and for the plans of others to weave the political design of their choice. Whether the Syrians, the residual interventionists in Lebanon, have the touch (they certainly have the toughness) to make their design stick is the key question. The most Americans can do is to hope the Syrians end the killing, and meanwhile to mourn.

— THE WASHINGTON POST.

For Warriors, Not Wars

Even before Memorial Day, Americans had already done their share of remembering and misremembering; but the observances of victory in Europe and failure in Vietnam are not the end of it. Still ahead lie the 40th anniversaries of the atomic bombing and surrender of Japan, and the 35th anniversary of the start of the Korean War. The memories of war are relentless, and for good reason: America has waged war in 42 of its 209 years, not counting endless battles against Indians and interventions in the Caribbean.

One year of war for every four of peace. That is reason enough to relish a decade of peace. The respite is a good time to ponder what America's rituals of memory ought to mean. For older Americans, war was a compelling and unifying experience. For younger adults, war was mostly hell. The country's wars have not been equally just. Americans' sacrifices in war have not been equally necessary.

Yet for too long over the last decade too many Americans have confused the soldier and his mission. Some let resentment against the most recent war turn into neglect of Vietnam veterans and disrespect for the military.

— THE NEW YORK TIMES.

A Republican Majority?

Party realignment, that will-o'-the-wisp of American politics, is again flickering in pundits' eyes. Noted politicians are changing parties, and it is natural to look to see whether voters are too. Last fall there was talk of a permanent Republican majority, and one could find some basis for it in poll results: More voters said they were Republicans and fewer said they were Democrats than at any time in the previous 40 years. But the elections produced the split result that is getting to be a habit: a Republican president, a narrowly divided Senate, a Democratic House. Earlier this winter, when President Reagan's popularity ratings were high, more people were saying they were Republicans. But this spring, in tandem with the dropping of the economy, Mr. Reagan's ratings and Republican prospects nationally seem to have declined.

Yet through all these vibrations in political popularity, there is evidence of a permanent change in one important segment of the electorate — white Southerners. From the Carolinas to Texas, identification with the Democrats dropped precipitously last year and has stayed at historically low levels this year. Most, though not all, of the recent party switchers — from Kent Hance, who seeks the Texas governorship, to seven Louisiana legislators — are

in the South, and the national Republican Party has targeted three Southern states (plus Pennsylvania) in its \$100,000 drive to encourage voters to switch party registration.

The Republicans hope for the breakthrough that has eluded them since the 1950s. Southern states started voting Republican for president in those years, but they have declined to vote Republican in most congressional, state and local contests. The Republicans' chances now seem as good as they have ever been. A key test will be in a special election to be held soon to replace a conservative east Texas Democrat who is becoming a federal judge. Republicans are making a major effort there.

Of course few Southern House Democrats are changing parties this year, and only a few will vacate their seats in 1986; the Republicans are going to have to fight to make gains, and they will be handicapped, as they have been since the Eisenhower days, by a paucity of candidates with government experience and good political instincts. But they hope that once the Republican Party reaches a critical mass it will break through in the South and nationally to majority status. Such a breakthrough seems possible to an extent that almost no one expected even 12 months ago.

— THE WASHINGTON POST.

Other Opinion

Tuning Down the Radio Wars

Cuban officials say Radio Martí is only a part of a larger plan to provoke a confrontation that Cuba can ill afford. Despite their fears, the Cubans say this is a matter of honor, and they will retaliate regardless of costs.

U.S. officials argue that Cuban threats should not influence U.S. foreign policy. One administration official said Radio Martí represents "an international game of chicken and the United States will not blink."

But if Cuba and the United States reached this flash point through radio, then a reciprocal, step-by-step de-escalation is also possible. Tuning down the radio wars, in turn, could contribute to a de-escalation of the real wars in

the Caribbean basin. The first signal could be a timely turn-off for Radio Martí.

— John Spicer Nichols, a specialist in international communication at Pennsylvania State University, in the Los Angeles Times.

Alfonso's New Realism

President Raúl Alfonsín [has placed] a new emphasis on Argentine responsibility for the errors of the past. He is not an economist. But he has shown an ability to learn, and to admit to learning. His increased realism will be put to the political test of congressional elections in November. Mr. Alfonsín faces a [grave] crisis, but he deserves to succeed.

— The Times (London).

FROM OUR MAY 28 PAGES, 75 AND 50 YEARS AGO

1910: A Trainful of Trouserless Men

GALESBURG, Illinois — "Porter, Porter! What have you done with my trousers?" "Porter, where are my trousers?" and so on in a deepening chorus from passengers on a Burlington train, which drew into Galesburg this morning [May 14]. It developed that a thief, probably at Beardstown, had entered the train and, not having time to investigate all the pockets, walked off with garments to explore them at his leisure. The extreme negligence of the barefooted persons prevented their entrance into the dining-car, and there was much grumbling until a new supply, purchased at a nearby store, had been brought in by the porter. Few were proper fits, but they served the ends of propriety.

1935: Court Ruling Stuns FDR Aides

WASHINGTON — The heart of the New Deal, the National Industrial Recovery Act, was dealt a crushing blow by the United States Supreme Court, which unanimously ruled [on May 27] unconstitutional Section 3, which authorized the President to promulgate the National Recovery Administration codes through which the Administration kept a firm hand over business and industry. The sweeping verdict against the NRA left Administration leaders stunned and puzzled, since it appears that little can be salvaged from the act. The court held that Congress, in delegating to President Roosevelt power to promulgate codes, had exceeded its grant of authority.



When Israel Does Business With the PLO

By Philip Geyelin

WASHINGTON — In their meeting here this week, President Reagan and King Hussein of Jordan will be grappling with the same old questions raised by last week's exchange of Israeli prisoners of war for imprisoned Palestinians: Under what circumstances, and for what purposes, is it sound practice to do business with "terrorists"? Let it quickly be said that the Israelis officially reject the connection. Arranging by whatever means for the speediest possible return of captured Israeli soldiers is a thing apart. It is an article of faith, a government commitment Israeli fighting men carry into battle. Bringing the Palestine Liberation Organization, however indirectly, into the Middle East peace process, which is what Hussein and Mr. Reagan will be talking about, involves a very different Israeli article of faith.

Indeed, the United States is committed to the Israeli position that the PLO cannot participate in peace talks until it recognizes Israel's right to exist and accepts United Nations resolutions defining the ground rules for any peace effort.

Yet the connection, and the contradiction, are self-evident. The agenda in the Reagan-Hussein talks turns precisely on the question of who will represent the Palestinians' interests in any new negotiations aimed at resolving the future of the Israeli-occupied West Bank and Gaza.

Who else might sit in (Egypt, for example, if the Camp David formula and the terms of the Reagan initiative in 1982 are to be observed) is far from clear. But the degree of association of the PLO, still officially designated by the Arabs as the "sole legitimate representative" of the Palestinians, is the nub of the matter. And there lies the connection with last week's prisoner exchange. Both King Hussein and the Palestinians can argue that Isra-

el's strict terms for doing business with "terrorists" on questions of peace and security have been progressively whittled away by its unconditional readiness to deal, however circuitously, with the PLO and kindred organizations in order to recover Israeli prisoners of war.

The Israeli government denies it, insisting that last week's deal sets no precedent. The govern-

ment's increasingly clamorous critics answer back that it sets a terrible precedent. Prominent figures long familiar with Israel's professed counterterrorism strategy — dramatized by the Entebbe hostage rescue — claim that the exchange has undercut the argument that any appeasement is an invitation to terrorism. Actually, last week's swap sets no precedent, because the precedent had already been set.

Not the least of the costs of the Lebanon invasion was the necessity ultimately imposed upon Israel to deal with the Palestinian guerrillas.

Even before the invasion, Israel had negotiated a cease-fire across its northern border — through intermediaries, but of necessity with the PLO. A captured air force pilot and an Israeli civilian were returned to Israel as part of an agreement (arranged indirectly with the PLO) for evacuation

of the Palestinian guerrilla forces from Beirut. In November 1983, six Israeli soldiers held by the PLO were exchanged for 4,500 "detainees" from an Israeli prison camp in Ansar and 99 "terrorists" convicted from Israeli jails. Half of the convicted were doing life terms, and many were associated with especially notorious and murderous acts of terrorism. The main difference this time was that many convicted terrorists were released to return to their homes in Israeli-occupied territory; in 1983, the hard cases were deported to Algeria.

That the uproar in Israel should be much louder now owes much to the inherent vulnerability of Israel's shaky coalition government. That shakiness could make Prime Minister Shimon Peres all the less willing to compound the "terrorist" issue by giving ground on the "Palestinian representation" issue in the peace process. And it could make the Reagan administration even less willing to push. This would make it all the more difficult for King Hussein, who deserves more credit than he generally gets for his efforts to assemble a credible Jordanian-Palestinian negotiating team.

Alternatively, the willingness of Mr. Peres to go through with the prisoner exchange is read by some diplomats as a sign of strength, reinforcing hopes that yet another small but significant move forward will come of the meeting between the president and the king. "It's going to be an interesting week," says one official who, like others, does not pretend to know how the prisoner swap will play out politically in Israel.

How it logically should play out is something else. If logic has any part in it, it is hard to escape the conclusion that Israeli resistance to doing business with the PLO has lost a good deal of its force.

Washington Post Writers Group.

The Pope, the Spy Master, the Unrelenting Judge

By William Safire

At first, this incredible case was ignored by most of the press, depicted on background by the CIA in Rome, and ridiculed by many in the West who did not want debate threatened. Suspicion of Soviet involvement could be lived with, but proof of "the Bulgarian connection" in the crime would make it difficult for anyone to do business at summit

meetings with a Soviet leader who had the pope's blood on his hands. That did not stop the investigating magistrate in Rome from following the facts led. Like an Italian Sicily (a redundancy, but apt), Judge Martella has plodded ahead, oblivious to political fallout, determined to show that no man, no group or no power can shoot a

human being in St. Peter's Square with impunity.

Now attention is being paid. Five hundred journalists are here, trying to jam into "the bunker" — the courtroom built to resist terrorists. The CIA here, probably on orders from Director William Casey, has wisely shut up; no longer are American spokesmen passing the word that the murder plot was too unprofessional to be KGB-planned. (From the very start, it should be noted, the former CIA chief Richard Helms described the use of the Bulgarian agents to hire a terrorist in jail for this kind of job as "a classic KGB operation.")

Nor can the Russians continue to remain aloof. Izvestia has been running a series, "Anatomy of a Provocation." Moscow has established a front group to discredit the findings of the Italian court: "On the initiative of the Soviet public," the editor of the literary journal Novy Mir, Vladimir Karpov, has formed a committee to defend Mr. Antonov.

Why has this story, so long untouched in the Soviet Union and so gingerly handled at first in the West, gained front-page legitimacy? Why are Western and Third World press hordes descending on the prosecutor's "bunker," and why is the standard Soviet propaganda machine being wheeled into line to blur and distort the emerging truth?

Because the story is no longer a horror. Yuri Andropov, suspected of ordering the death of the pope, is dead. We are now dealing with the past: only attempted murder, merely state-directed terrorism. Those are fit subjects for a public charge of conspiracy and the countercharge of provocation; they do not fiddle with the fuses of the future.

We are no longer facing what was to so many the unfathomable: what would have been the need to conduct a civilized diplomatic intercourse on matters such as arms reduction with a man we were in the process of branding a state terrorist. The KGB's Andropov is gone, replaced by a man who could strike the pose of innocent and say "not on my watch." Today it is safe to probe the conspiracy and popular to climb all over the story. No harm can come from the truth.

The Russians will claim that so long as no smoking gun is produced to link their former leader directly to the shooting, to suggest his complicity is a provocative slander. The rest of the world will look to see if a clear link to the Bulgarians is established. If so, it will be as if the KGB itself is convicted, and spy master Yuri Andropov will go down in history as the man who tried to perpetrate the crime of the century.

The New York Times.



Closing the Trade Gap: A 20% Solution

By Henry Aaron and Robert Lawrence

WASHINGTON — A truly atrocious idea is gaining strength here. Support is gathering for a 20-percent surcharge on all imports — although the real target is Japan. The appeal of the proposal is simple. America's international trade deficit in 1984 was \$107.9 billion. Japan makes it hard for foreigners to gain a toehold, much less a leading position, in its domestic markets; last year, the U.S. deficit with Japan alone was \$34 billion. In addition, the federal budget is awash in a seemingly limitless ocean of red ink.

A surcharge would seem to help with all three problems. A 20-percent surcharge could reduce the trade deficit by more than half and reduce imports from Japan by about \$11.5 billion. Also, it would raise federal revenues \$65 billion per year — if imports did not fall.

So what is wrong with an idea that would produce such beneficial effects? The answer is: It would not produce these effects, but it would produce others, virtually all bad.

A surcharge would do much less for the U.S. trade position than supporters claim, even if other countries did not retaliate. Though the added revenues would be useful because they would reduce federal borrowing and, through a chain of effects, tend to lower the trade deficit, the direct effect of a surcharge — a drop in the demand for imported goods — would cut the number of dollars spent on imports and thereby available to foreigners. As always, a reduction in supply would increase price, and a rise in the value of the dollar would hurt U.S. exports and offset some of the surcharge's effects on imports. The balance of trade might well improve, but probably not by much.

The price of this small and uncer-

forts of many nations — including the United States — to restrict imports and thereby export unemployment. The cumulative effect was a worldwide collapse of trade and increased unemployment.

GATT flatly prohibits broad import taxes unless a country finds that it has a balance-of-payments deficit. The problem for supporters of the proposed import surcharge is that the United States is currently running a balance-of-payments surplus, because capital inflows more than offset the awesome trade deficit. If the United States were to impose an import surcharge, it would grossly violate GATT rules. No American should doubt that

other nations, and not just Japan, would object violently if the United States flouted GATT. Domestic forces in these countries would drive them to fight back — farmers who fear cheap American grain and meat, financial institutions that fear competition from American banks, high-technology companies that know that the United States leads the world in many fields. Such retaliation would not only injure the United States but also threaten the entire fabric of world trade. The problems of trade and budget deficits, serious though they are, do not justify such a risk.

The proposed import surcharge is not even well-suited to solving these problems. The U.S. deficit problem is long-term and grows worse with time; a temporary surcharge, a cosmetic Band-Aid, would do nothing to cure fundamental fiscal illness.

Furthermore, the problem of the trade deficit lies not in Japanese xenophobia but in Americans themselves. The federal deficit absorbs most domestically generated net private saving, forcing America to go abroad for credit. The trade deficit represents, in large part, just the delivery of those goods bought abroad on foreign credit.

Congressional leaders who want to help American industry compete both at home and abroad should face the real problem: They should cut federal spending or raise taxes enough to eliminate the need to borrow abroad. In their frustration, they should not muck around with solutions that will not work and that may cause economic disaster.

The writers are senior fellows in economic studies at the Brookings Institution. They contributed this comment to The New York Times.

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High-Policy Crossroads For Reagan

By Flora Lewis

PARIS — President Reagan has some critical decisions to make this week, to report to Congress. On the surface, they seem technical — what to do about extending current strategic arms treaties with the Soviet Union and assuring U.S. compliance. According to press reports, the options presented by advisers would undermine the existing arms control regimes and could lead to failure of the U.S.-Soviet Geneva talks before there is even a start on serious negotiations. This is an issue of highest policy. It could be one of those historic turning points that are noticed only when experts look back to see what went wrong after it is too late.

The questions are whether to extend the expired 1972 SALT-1 treaty on offensive weapons, whether to continue observing the unratified SALT-2 treaty, which expires at the end of this year, and whether to order a Polaris submarine in order to maintain SALT-2 limits when the new Trident submarine Alaska starts sea trials in late September.

The recommendations offered Mr. Reagan are couched in narrow terms, most of them based on the argument that the United States should refuse to sustain treaty provisions that it accuses the Russians of breaking. That would be a momentous decision, quite possibly the beginning of the end of all restraints on the arms race. It would undoubtedly reverse recent trends toward looking for ways of improving Soviet-American relations. It would distress allies who have been supportive of the United States in Geneva but who would certainly move astutely aside if they perceived that Washington was to blame for undercutting the talks.

The Soviet leader, Mikhail Gorbachev, has some crucial decisions coming, too. He clearly wants to revitalize his country's economy. The implications for foreign policy could be favorable. Easing down tensions could give him more leeway for introducing reforms. But he might also come to the conclusion that agreement with the United States is not possible and that he should exploit heightened fears to impose the discipline and greater efficiency he wants in the name of patriotic sacrifice.

It is in everybody's interest, including the United States, that Mr. Gorbachev make the first choice, with prospects for better East-West relations. Both he and Mr. Reagan have said they want a summit meeting. Former Secretary of State Henry Kissinger has given the president public advice for using the opportunity to launch a permanent dialogue on a "concrete and definite program" to reduce the risk of war.

There has not been enough work on major issues for a summit meeting this year that might produce important new treaties. But such a meeting could be much more than a mere exchange of views, only if the president determines now to support and extend arms control, not to erode it. Otherwise, if there is a meeting at all, it risks deteriorating into the kind of dangerous shouting match President John F. Kennedy had with Nikita Khrushchev between the Bay of Pigs and the Cuban missile crisis.

The key accords available, in the short time ahead for preparation, would be to extend application of the SALT-2 treaty with possible modifications for another five years, to reaffirm the Anti-Ballistic Missile Treaty while calling on negotiators to examine the controversial points of definition that are emerging, and to plan separate, continuing political talks on what each side means in saying that it seeks strategic stability.

The United States has serious questions of Soviet noncompliance to raise about these treaties. The administration has solid congressional and allied support on demanding redress of the forbidden Krasnoyarsk radar and coding of signals from Soviet missile tests.

But that consensus would evaporate if the president took one of the options now that would amount to blowing up the treaties. What he has to consider is not whether it for far might be justifiable, but the likely consequences and chances for achieving agreed compliance by diplomacy.

The world has come far from the Eisenhower-Bulgaria meeting in 1955. Secretary of State John Foster Dulles advised the president: "You should maintain an austere countenance when being photographed with Bulgarians. Any pictures taken of the two leaders smiling would be distributed throughout the Soviet satellite countries, signifying that all hope of liberation was lost and the resistance to Communist rule was henceforth hopeless."

Eisenhower sensibly did not pay attention. The "spirit of Geneva" led to solving some East-West problems. Mr. Reagan should also keep his eye on the future. Congress and the country should encourage him to take the long view at this vital crossroads.

The New York Times.

LETTERS TO THE EDITOR

Troubles in Uganda

The situation in Uganda continues to worsen. The most alarming troubles are in Luwero and West Nile districts and in Kampala, the capital. Many innocent people have lost their lives and property under the pretext that they are supporters or sympathizers of guerrillas.

These people are persecuted only because of their political beliefs. Many have not participated in guerrilla activities but are members or supporters of the Democratic Party — a recent party in opposition. I recently visited Luwero and West Nile districts. People talked of harassment and torture by government soldiers. They said soldiers told them they deserved this because they were

supporters of the Democratic Party. The government denies the accusations but prohibits the press and aid agencies from studying the situation in the troubled areas. I appeal to the international community to help save what once was the pearl of Africa.

S.J.M. SSENDAKALA, Paris.

Europe: The Enemy Is Us

Yes, Europe has had to fight the Germans, as Cynthia Cole says (*Letter, May 16*). But it had to fight the French even longer. The Russians, meanwhile, will not go away. So let us hope Europe will continue to exist to defend its independence and culture.

F.L. COPPERMAN, Diss. England.

High-Policy
Crossroads
For Reagan

By Flora Lewis
PARIS — The French government is preparing to announce a new policy on the Middle East, one that would be a significant departure from the current French position. The new policy is expected to be announced in the near future, and it is likely to have a major impact on the peace process in the region. The French government is currently engaged in negotiations with the Israelis and the Palestinians, and it is hoped that the new policy will help to bring about a lasting peace in the Middle East.

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A SPECIAL REPORT

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EC Entry Will Help Modernize Farming

By Steven J. Dryden

BRUSSELS — Portugal might already be a member of the European Community if the negotiations on its terms of entry had not been tied to those between the EC and Spain.

The agreement in March between Portugal and the EC came a full eight years after Lisbon applied for membership. If member states ratify the treaties of accession by the end of this year, Portugal and Spain will officially enter the community on Jan. 1.

Community officials believe, however, that they could have completed the relatively uncomplicated negotiations with Portugal by the summer or autumn of 1983 if a political decision had not been made to finish the more difficult negotiations with Spain at the same time.

EC states, during the drawn-out negotiations with Madrid, sought to put off direct competition with Spain's fishing fleet and vigorous agricultural sector for as long as possible.

Protection was also sought from the few competitive Portuguese agricultural and fishing products. The comparatively low prices for Portuguese sardines, for example, will be brought up to EC prices over a 10-year period. Limitations were agreed to on tomato products.

But in the final days, the negotiations with Lisbon were more often concerned with what the EC could do to help develop Portugal's backward farming sector, improve its industrial base and ease the cost of community membership.

As the poorest country in the EC — its gross domestic product per capita, for example, is about \$2,500 — Portugal will receive an enormous amount of financial aid and substantial reimbursements during its first years in the community.

From 1986 to 1991, the EC will loan Portugal \$710 million as balance-of-payments aid. Portugal will also get back a substantial portion of the value-added taxes and other payments it must make to the community treasury in its first seven years as an EC member. Community officials estimate that the reimbursement will total between \$710 million and \$1.06 billion.

To combat the inefficiencies in Portuguese agriculture, the community has agreed to a 10-year, \$500-million aid program, designed to improve processing, packaging, marketing and statistics collection. A program of the same size has also been pledged for industrial development.

In addition, Portugal will be exempt from paying community levies on its large grain imports until 1990.

Community officials cautioned, however, that despite these generous aid programs, Portugal will not benefit unless the government thoroughly reorganizes its bureaucracy. "The administration will be forced to modernize, or they won't get anything," one official said. He added that one of the main reasons younger, more reform-minded members of the government had pushed for EC membership was because "they knew they would never get these reforms without it."

Portugal has been one of the community's smaller trading partners. The total value of exports and imports with the Ten in the first nine months of 1984 was \$4 billion, compared with \$14 billion during the same period with Spain. In order to protect Portuguese industry from sudden competition with more sophisticated community producers, a general seven-year transition period was agreed to during which customs duties will be gradually abolished.

All quantitative restrictions in (Continued on Next Page)



Detail of a monument to Prince Henry the Navigator in Lisbon.

Europe: Returning to the Fold

By Kenneth Maxwell

NEW YORK — It is an indication of how narrow Europe's self-perception has become, and how historically shallow, that it should be necessary to justify Portugal's Europeanism at all.

As a nation-state, Portugal predates its neighbor, Spain, by 250 years, and Germany and Italy by 600. For almost 200 years, Europe itself was little more than Portugal in the eyes of much of the rest of the world. Portugal's heritage of half a millennium as a colonizer, particularly in Brazil and Africa, has made the Portuguese language the fifth most spoken language on Earth. More than 65 percent of Portugal's foreign trade takes place within Europe.

Prime Minister Mario Soares, leader of the Socialist Party, has staked his political future on the European connection. Nevertheless, Portugal is different, and it is important that Portugal's new partners understand the dimension of this difference if exaggerated expectations are not to create more problems than already exist as Portugal prepares to accede to the European Community on Jan. 1.

The writer, Antonio de Figueiredo, attributes the apparent disjunction between developments in Portugal and the rest of the continent to the fact that Portugal missed the great European revolutions of modern times, from the Reformation through the Enlightenment to the Industrial Revolution. But this is only partly true. Portugal was at times strikingly prescient in development, as in the age of the 15th-century discoveries.

In the 18th century, the draconian Marquês de Pombal tried to force march his countrymen into the future. In the process, he rebuilt the center of Lisbon in the aftermath of the 1755 earthquake along the lines of the most advanced town planning of the epoch. But in changing mentalities he was less successful.

During the 20th century, another dictator, Salazar, took the opposite tack — deliberately holding progress at bay in order to carry out his self-appointed mission of protecting the Portuguese from themselves and modernity. Even the revolution 11 years ago, with its euphoric springtime of hopes and red carnations, seems retrospectively closer to the popular movements of the 1840s than those of the 1980s.

It is difficult also to distinguish Portuguese rhetoric from Portuguese reality. In the last few weeks, for example, a leading rightist intellectual and politician has

praised the Moscow-oriented Portuguese Communist Party, which has consistently opposed EC accession, as being the only political party in the country "concerned about national identity and independence."

The Social Democrats, preparing for the presidential elections to be held in November of this year, voted to invite a general to be their candidate (he declined), despite the fact that the Social Democrats had led the effort in 1982 to "demilitarize" and "Europeanize" the presidency by stripping another general, President Antonio Ramalho Eanes, of some of his powers.

To many Portuguese, the system seems blocked, institutionally, socially and economically. While there are proposals for reform, few are confident that the political will exists to carry them out.

Ironically, Portugal's European engagement represents a large psychological component of the crisis. Accession will mark the termination of a multilateral pattern in Portugal's international posture, a posture which has since 1415 been oceanic, directed overseas, turning away from Europe, and above all away from Spain.

Portugal is a small country with a large sense of vocation. To the elite, the New Europe seems constricted. To the population at large, especially those Portuguese who see their best hope in immigration, just as the formal doors of the continent closed, they paradoxically now look more than ever across the Atlantic.

Coming to terms with Europe means also coming to terms with Spain, the traditional enemy which led the Portuguese to look over-

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Coming to terms with Europe means also coming to terms with Spain, the traditional enemy which led the Portuguese to look overseas for friends and resources in the first place.

Recovery Measures Bringing the Wrong Kind of Bounce

LISBON — Bouncing checks now almost rivals soccer as Portugal's most popular pastime, according to statistics released by the police.

Last year, businesses and individuals passed uncashed checks to the value of \$7.5 million, making this one of the commonest crimes currently on record. Police say the phenomenon is directly related to the prolonged economic crisis.

"It's a vicious circle," a businessman said. "Everyone is trying to stave off their creditors. You draw a check to meet a bill but your account will only cover it if the incoming checks you have just deposited are good. Only one person on this merry-go-round has to default and everyone's checks bounce."

The overstretched rubber check has thoroughly discredited the system, worrying bankers and law-enforcement officials alike. They are

hoping that tougher sanctions and an economic recovery, now getting under way, will correct the situation.

Meanwhile, the government, too, is betting on economic improvement, but for different reasons. Mario Soares's Socialist-led coalition faces two or possibly three elections this year and needs to win back public approval if it is to keep its votes.

Since mid-1983, Portugal has been gripped by recession brought on by measures imposed under the watchful eye of the International Monetary Fund and designed to restore equilibrium to the pitiful economic chaos left by the present government's predecessors.

While the process has been both painful and politically costly, it has produced stunning results. The current-account deficit in 1984 shrank to \$472 million, way down from the \$3.2-billion record

deficit established in 1982, and around a third of the 1984 \$1.2 billion target set by the IMF as part of its standby agreement with Portugal.

The turnaround was due mainly to a dampening of domestic demand coupled to a spirited export promotion drive, which won new markets for Portuguese footwear, up by a remarkable 87.6 percent, machinery, up by 76 percent, and metal products, up by 70 percent.

The overall performance measured in dollars improved by 14 percent while the level of Portuguese goods going to the United States increased by more than 70 percent, according to government sources.

The growth in exports helped reduce the trade gap by a billion dollars between 1983 and 1984; the government expects there will be a further improvement this year. Due to the drop in domestic demand and the squeeze caused by austere-

ity, imports fell by 4 percent in dollar terms to reach \$7.3 billion in 1984. Imports covered exports by about 71 percent in 1984 compared with only 46 percent in 1982, the year in which Portugal's external-debt problem was at its zenith.

The picture was also rosier in regard to receipts from tourism and emigrants' remittances, which recovered from 1983 declines.

Tourism in 1984 broke all records, bringing in \$900 million and 10 million visitors, the bulk from Spain, Britain and France, with the United States in fourth place. Remittances from the 3 million Portuguese working abroad also strengthened in 1984, providing nearly a third of total foreign exchange earnings on the current account.

Much of the improvement outside of these two areas has been at the expense of domestic consumption and a 20-percent drop in pro-

EC and Presidential Vote Dominate Political Life

By Ken Pottinger

LISBON — The weather forecast for the Portuguese summer this year is long and hot for vacationers, and cloudy and stormy for the politicians, who are going through the usual preliminaries of a holiday-season political crisis.

Helping to stoke the incipient instability is a clash over who should support whom in a vital presidential election race at the end of the year. The ensuing complications are dominating the political scene. Another equally important topic, the fundamental changes that entry to the European Community will bring, is also in the spotlight.

Political optimists believe that after a long, tedious and sometimes faltering climb, Portugal is finally poised for its most notable advance in decades. Now at last, Portugal hopes to be a market mover.

Today, after the nation has tightened its belts for the second straight year and suffered the effects of austerity with relative calm, there is an air of quiet confidence in the corridors of power. Economists say that with a trimmer debt line, Portugal is now attractive enough to encourage those who would help transform this impoverished Iberian flank.

Prime Minister Mario Soares, leader of the ruling Socialist-Social Democratic coalition, sees the EC as the agent for the changes ahead that will make Portugal "unrecognizable within 10 years."

Without doubt, the completion in March of 100 months of tough and often delayed negotiations between the Community and Portugal was the political event of the year. The assurance that Lisbon will become the EC's 11th member on Jan. 1, 1986, is a triumph for Mr. Soares, who in 1977 first sought an entry ticket to this highly prized European club. He now is set to reap the political benefits.

But the relief with which this achievement is being savored tends to overlook some of the immediate difficulties facing the almost three-year-old coalition, the longest-running government since the return of democracy 11 years ago. Tensions between the partners over whom to support in the presidential election are growing.

The problems were thrown into sharp focus last month, when a leading rightist politician, Diogo Freitas do Amaral, declared himself in the race. His move caused consternation in the ruling coalition and seemed calculated to keep the political pot stewing throughout the summer. For he represents the first serious challenger to the only other likely contender of any weight, Mr. Soares, leader of the Socialist Party.

While Mr. Soares is reserving for



Time for pause in the Parliament lobby.

later this year a formal announcement of his intention to run for the presidency, it is widely accepted that he seeks the post as the culmination of his political career.

Mr. Freitas do Amaral, formerly deputy prime minister in the defunct Democratic Alliance government, which under several leaders ruled Portugal between October 1979 and March 1983, pledges to revive the reforms and plans for modernization that were a cornerstone of the alliance of Christian Democrats and Social Democrats.

Mr. Freitas do Amaral, former leader and founding member of the Christian Democrats, expects to attract support not only from his party but also from those Social Democrats implacably opposed to Mr. Soares. His decision to run could speed up the disintegration of the current coalition, which is badly divided on the issue of the presidential elections.

While the Socialists are already firmly closing ranks behind their leader, the Social Democrats are badly split by querulous factions who, having badly handled the presidential issue, are unable to stand the loss of face that supporting Mr. Soares would bring. Even Anibal Cavaco e Silva, their newly elected leader, a doctrinaire, admits

that he faces an uphill task in disciplining a party that has been foundering ever since its charismatic founder, Francisco Sa Carneiro, was killed in a plane crash in December 1980.

The unresolved differences over whether to back Mr. Soares, Mr. Freitas do Amaral or an as yet unspecified party man for the presidential ticket is likely to cause a Social Democratic walkout from the government some time in the summer, precipitating an early general election.

Political analysts are suggesting that a new political alignment may be in the offing if Mr. Freitas do Amaral bears out the pollsters' tips and wins the race. Both he and Mr. Cavaco e Silva were cabinet ministers in the "Democratic Alliance" coalition of Christian Democrats and Social Democrats, which took office under Mr. Sa Carneiro late in 1979. The two may, thus, be planning a revival of this alliance, a game plan that, if successful, would put the Socialists back into opposition and bring a rightist government to power once more.

As currently constituted, the December presidential elections are likely to be a straight race between Mr. Soares and Mr. Freitas do

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As the Recession Deepens, Right to Work Without Wages Becomes Reality

By Peter Wise

VALONGO — Two years after the mills of the Cifa artificial-fiber plant fell silent, the time clock still rings out defiantly amid the lifeless machinery and rusting looms as a ragged line of workers punches in as usual for the morning shift.

There is no work and little future in the derelict northern factory where most of the men have labored all their lives making synthetic fabrics. At the end of this month, like the previous 27, the wage packets they take home will be empty. But they come to work undaunted, clinging to the remnant of a job rather than give up hope. These factory hands are among some 100,000 Portuguese workers whose wages come months late or not at all. Over the past two years they have emerged as some of the worst-hit victims of the political and economic convulsions that have shaken Portugal since the overthrow of fascism in 1974 and the loss of an African empire.

"It's a phenomenon that leaves foreign labor movements too amazed to offer any useful advice," said Vitor Hugo Sequeira, national secretary of the Uniao Geral de Trabalhadores (UGT), one of Portugal's two main union federations. "When we tell them there are tens of thousands of people working for employers who cannot or will not pay, they are simply floored."

Valongo, a once-thriving town just east of Oporto, has been a stricken community since the 1,800 workers employed at the Cifa factory stopped getting paid. Twenty-two local firms dependent on the rayon-producing plant are working at a small fraction of their capacity.

Some families are living on state sickness benefits of \$72 a month. Local doctors have certified several hundred healthy Cifa workers sick so they can claim welfare, a practice now common throughout Portugal. Other employees turn up regularly at the factory three days a week for a five-hour shift.

"There's no work to do but they are determined to hold down their jobs," said Jose Moreira, who has stayed on as a night watchman for less than half his regular \$170 a month. He estimates that Cifa owes him \$2,400.

At an open forum organized by the pro-Communist CGTP-Intersindical labor federation, social workers and Roman Catholic priests from Oporto testified to the social consequences of the nonpayment of wages. They said growing numbers of people in urban industrial belts were living on the edge of hunger.

About 700 companies, ranging from chemical complexes to small hotels, temporarily have erased the salaries column from their ledgers in an effort to

balance accounts. The government says they owe 40,000 workers \$24 million in wages and a further \$45 million in payments to social security and unemployment funds. But the CGTP-Intersindical claims employers are in debt by several times that amount to more than 150,000 workers.

Mr. Sequeira of the UGT said the prospect of joining half a million unemployed had driven workers in threatened companies into making sacrifices. "However bad the conditions, however late the pay, people desperately want to keep their jobs."

According to law, if a worker does not show up for his job just because he is not being paid; he can be fired. But, in any case, companies will not certify that a worker has been fired because dismissals are generally illegal. And if he quits on his own, he cannot apply for unemployment benefits.

Resolving the economic problems that have led to this situation are among the challenges facing Western Europe's poorest country, according to Mr. Sequeira. "It will be a long and difficult course that depends ultimately on securing sustained growth," he said. "We have to accept that relying on the government to bail out stricken companies would only worsen the diseased areas of our economy."

Economists agree on the need to allow market

forces to speed the collapse of companies surviving artificially on unpaid labor and government grants. "We cannot build the future by keeping factories alive after their natural death," said Vitor Ramalho, the secretary of state for labor. But a more urgent concern is dealing with what he called the "brutal social impact" of nonpayment of wages and the hardships they are inflicting on thousands of families.

A key economic factor, according to Mr. Ramalho, has been the failure of heavy industry, much of it geared to past colonial wars, to convert to new realities. Also, the constant turnover of governments since 1974 has subverted effective state fiscalization of the economy. In this climate, an 18-month austerity drive aimed at averting a foreign debt crisis has dealt the fatal blow to many ailing companies. Mr. Ramalho said several firms, including the Cifa plant, were legally alive but economically dead. "Study after study by the banks that are its main creditors has shown that Cifa is not a going concern as it is now constituted," he said. But those same state-owned banks have not sought the liquidation of Cifa or other companies in similar states. Economic analysts say this is because many banks would be in a precarious position if they were forced to recognize the uncertainty of the vast amounts of credit extended since they were nationalized in 1975.



Election slogans on a Lisbon street.

A SPECIAL REPORT ON PORTUGAL

Ready-Made Clothes Fit the New Textile Industry

By Martha de la Cal

LISBON — "Within a few years, Portugal will be the biggest producer of ready-made clothes in Europe, after Italy," says Jorge de Lemos da Costa, general secretary of the national association of garment industries.

Ready-made clothes and knitwear already represent 50 percent of all Portuguese textile exports, \$698 million of the total \$1,224 billion in 1984. This represented an increase of \$118 million over 1983.

The ready-made clothing industry has shown outstanding growth since 1977, when a group of clothing manufacturers backed by the government's export development fund set up Portex, an organization that sponsors trade fairs. The manufacturers wanted to show foreign buyers that the industry was "alive and well in Portugal" in spite of the turmoil and labor trouble that had marked the period immediately following the 1974 revolution.

The first trade fair, in Oporto in 1977, was a success. In 1979, there were two fairs, one for knitwear and ready-made clothes, and one for household goods. In 1980, a spring/summer show and a fall/winter show were added. By 1984, the Portex fairs were attracting more than 4,000 buyers from 50 countries.

There are several reasons for the growth. First, Portuguese textiles have shed their old-fashioned image and the companies are producing the latest fashions for foreign designers and retailers, who come to Portugal to orient the local designers and to place their orders.

"We furnish what others want," said Mr. Lemos da Costa.

The Portuguese manufacturers have also diversified and improved quality. Men's pants and shirts are no longer the main exports, as they were in the 1970s. There is now a wide range of stylish clothing for men, women and children, and the manufacture of sportswear and knitwear is increasing rapidly.

Probably the biggest selling point for Portuguese clothes is that they are relatively cheap. Low wages make it possible for manufacturers to produce clothes for their foreign customers at prices far below what it would cost to pro-



A textile factory in south Lisbon.

duce them abroad. Also, Portuguese manufacturers can turn out quite small quantities, deliver them quickly and be ready for the next style change.

Alexander Pinheiro, president of the textile association and of Portex, says, "We can put a new product on the market in two months with the changes of color and style for each season. Our geographical position near consumer centers permits us to deliver in a short time."

The ready-made clothes industry has 530 factories employing 50,000 workers and the knitwear industry has 500 factories with 30,000 workers out of a total of 2,000 factories and 300,000 workers in the entire textile sector. Most of them are small or middle-sized family enterprises with an average of 50 workers. More than 70 percent of the factories are in the north of the country around the cities of Oporto and Braga.

Some regions depend totally on textiles. Consequently, a crisis in the industry is a social problem. The factories are a mixture of the old and the ultramodern in methods and equipment.

The Antonio M. Rua company in Oporto is typical of Portugal's

clothing factories. It was founded 38 years ago by Mr. Rua, who still runs it with his two sons. It ranks among the top 50 ready-made clothing companies with annual sales of \$8.6 million. The factory is located in an enormous, converted turn-of-the-century mansion decorated with Portuguese tiles and set in well-tended gardens with fountains and statuary. It has 200 women working on various floors cutting on long tables or sewing over machines.

At first glance, the factory would appear to be somewhat old-fashioned. That is not the case. Its operations are almost totally computerized. It is expanding constantly and has plans for a five-story warehouse on the premises.

There are other companies that are larger and more nearly correspond to those in more industrialized countries.

The Maconde enterprise is the biggest producer of men's clothing, while the Kuispo group is the biggest exporter of sportswear and ski clothes. Another big exporter of men's clothing is Supercon Pro-faso. The Nobrega company, which represents the Macgregor brand in Portugal, makes shirts and blouses with the label Ponte Verde.

Locally produced textiles cover 95 percent of the internal market. Only \$20 million worth of ready-made clothes and knitwear were imported in 1984. A total of \$522 million worth of textiles were imported, mostly cloth for use in producing clothes for export to the countries of origin. Sixty percent of ready-made clothing and 40 percent of knitwear are exported. Textile exports have had an annual growth rate of 20 percent since 1973; they are Portugal's greatest source of foreign exchange.

In spite of its growth and innovations, Portugal's textile industry has severe problems. The main one is financial. The cost of credit can go as high as 46 percent and interest is paid in advance.

"This severely hampers companies when they want to expand and to revamp their machinery," says Mr. Pinheiro.

Poor transportation and communications facilities are also a hindrance. Labor laws that prevent firings are a handicap to the industry and a source of contention with the government. Another limiting factor are the quotas imposed by other countries on Portuguese textiles. The recent agreement with the European Community was unfavorable to Portuguese producers because the quotas were based on 1974, a bad production year.

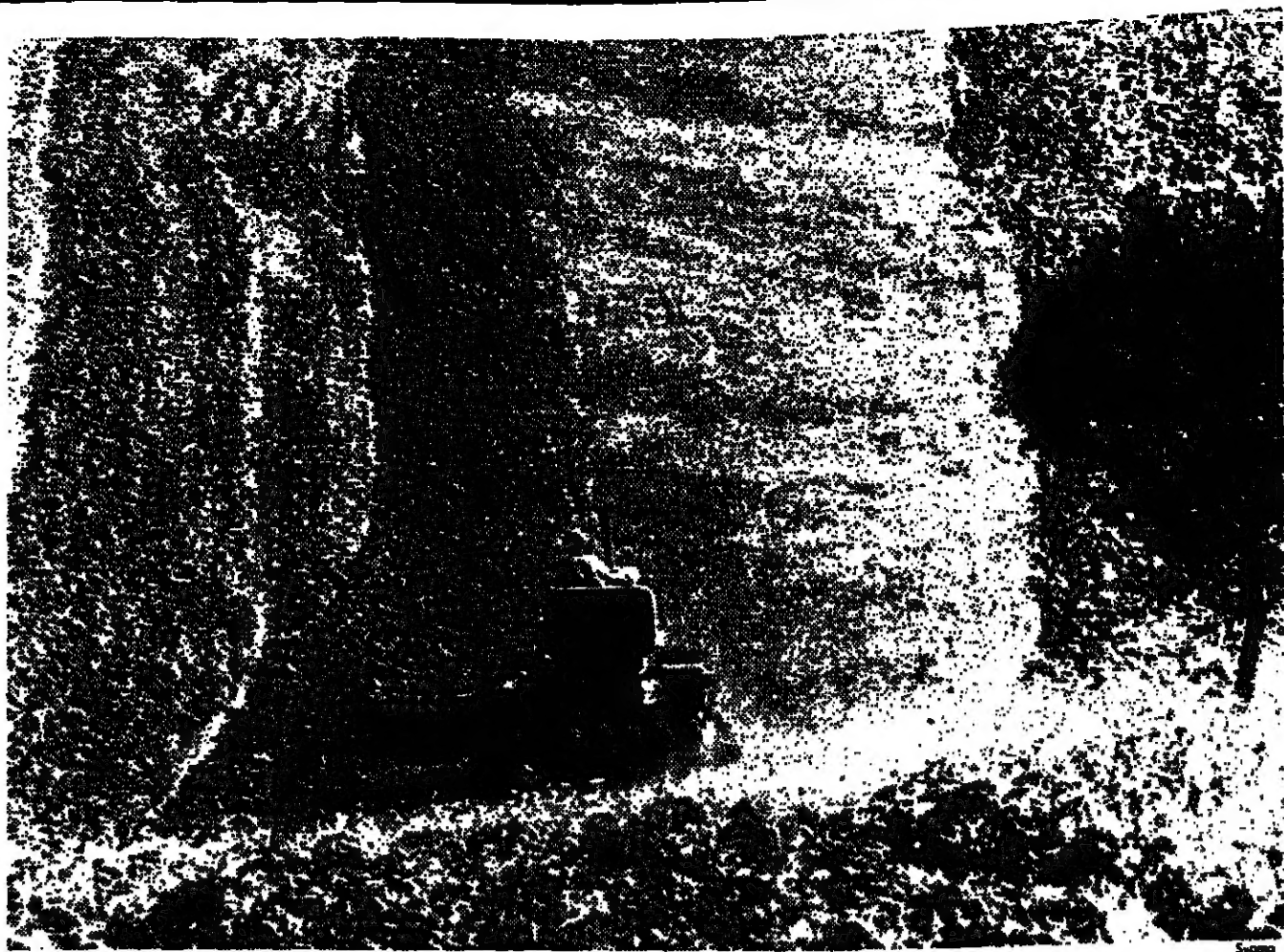
Portuguese companies also fear that, with Portugal entering the Common Market next year, foreign companies will move into Portugal to take advantage of the low labor costs and the EC market.

"We are not going into the EC," said Mr. Lemos da Costa, "the EC is coming into Portugal."

His fears are shared by Mr. Pinheiro. "If there is an opening up of the industry to many new companies, it will lead to the collapse of many existing ones and will cause social problems," he said. The EC and European Free Trade Association countries are already the principal importers of Portuguese textiles. In 1984, those countries accounted for 86 percent of Portugal's textile exports.

Portuguese producers find the American market difficult to penetrate because of its size and the protection granted to local producers, although exports to the United States increased in 1984.

Portuguese producers are also concerned because some foreign companies are planning to move their operations from Hong Kong and other points in the Far East to Portugal. Mr. Lemos da Costa said: "We don't believe that companies that want to use Portugal as a springboard for Oriental products to Europe and the U.S.A. should be allowed to come into Portugal."



Plowing time at a cooperative at Serpa.

Common Market Access Will Update Agriculture

(Continued From Previous Page)

one important category, imports of motor vehicles from the community to Portugal, will be dropped by the end of 1987. Another restrictive requirement, for the licensing of imports and exports, will be abolished as soon as Portuguese membership begins.

Within the community, West Germany, France and Britain have the greatest amount of investment in and trade with Portugal. Their companies in Portugal, concentrated in chemical, automobile, electrical equipment and machinery production, are mainly geared toward export, taking advantage of Western Europe's lowest average wages.

West Germany in particular is seen as being eager to expand commercial relations in the next few years. West German trade officials indicated they would maintain pressure on Portuguese authorities to liberalize their investment policies as quickly as possible. Under the terms of entry, Portugal will be allowed to keep controls on movement of capital for up to seven years.

One of the more difficult aspects of the accession negotiations was the question of how fast to ease restrictions on Portuguese workers living in Luxembourg. Its officials haggled over this

question with the EC Commission because about 10 percent of Luxembourg's population of 366,000 is composed of Portuguese workers and their families.

The Luxembourg authorities won a special exemption from the overall accession agreement on worker rights, allowing the continuation of restrictions on access to employment for 10 years, compared with a maximum of six years for other member states. Luxembourg was also allowed to keep tight controls on the change of employment by Portuguese workers who immigrate to Luxembourg after accession.

The immediate effect of Portuguese membership on many EC policies will be slight, community officials said. The effect of entry is better measured by viewing Portugal as part of an enlarged "Mediterranean lobby" that will include France, Italy, Spain and Greece.

Portugal's underdeveloped agricultural sector is not expected to produce the huge surpluses common to other EC nations, that boost community spending each year on farm supports. But Portugal's need for agricultural development assistance makes it a natural ally for the other Mediterranean nations. Together, the countries could be a powerful force for increased agricultural spending, which would

clash with demands for budget control from such states as Britain and West Germany.

The Mediterranean group would also be in a better position to insist on greater assistance through the community's regional and social funds.

An immediate effect of enlargement will be the strains placed by the 12 members on the community's decision-making process, which usually requires unanimity. EC officials hope that recommendations for majority voting will be approved at the Milan summit of community leaders in June, but several nations have indicated they are not ready to agree to such a step.

Portugal, for its part, supports the limited use of majority voting, according to Aires Corraia, an economic counselor at the Portuguese mission in Brussels.

The entry of Spain and Portugal is also expected to influence the orientation of the community's external relations, bringing the EC closer to Latin American and African nations that had colonial ties with Lisbon and Madrid.

In the European Parliament, Portugal will receive 24 seats, and Spain will be allocated 60. If the majority of the newcomers are Socialists, as is expected, the fragile four-vote control exercised by the center-right parties could be threatened.

Modernization Comes to the Banking Sector

LISBON — In mid-summer Portuguese banks will move into new technology and open a nationwide network of automated teller or cash dispensing machines linked to a central computer.

The system, according to banking officials, is part of the long-awaited modernization of Portugal's antiquated and bureaucratically bound state-owned banking sector.

Twelve banks, including three private institutions, have invested about \$4.8 million in setting up the network, which initially will deal only with cash withdrawals and check requests but which will later be expanded to handle a range of other customer services. One of these will be the projected Europe-wide cash-withdrawal network now under study that would allow clients to draw money against their home bank accounts while visiting other European countries. This system has still to overcome the exchange control barriers that Portugal will slowly remove after its entry into the European Community in 1986.

The technology being introduced by the banks is keyed to a simplified form of smart card with a restricted microchip memory holding vital information about the user.

Unlike some other countries, the cash machines in Portugal are owned and installed by a separate services company, established by the participating banks, which issues cards valid for use in any machine-equipped bank branch, whether the client banks there or with a rival institution. Clients' accounts are debited automatically through a central computer. Later these cards will be upgraded to become full credit and in some cases check guarantee cards, giving the services company additional revenue and responsibilities.

Following the opening up of the banking sector by the government last year, two leading U.S. banks — Chase Manhattan and Manufacturers Hanover Trust — have begun an aggressive and successful search for business in Portugal, prompting a spate of applications from other foreign institutions.

Three foreign banks, Barclays, Banque Nationale de Paris and Citibank, were authorized May 2 to set up operations in Portugal. Another Portuguese private bank, Banco Commercial Portugues, was also given permission to start operations, taking to seven the number of private banks allowed into Portugal since the government liberalized the nationalized sector last year.

These international banks join the long-established three private banks, Lloyds International, Credit Franco-Portugais and Banco do Brasil, which were operating before the state takeovers in 1975 and which are also now absorbing the effects of added competition.

At least one Portuguese-owned private bank, the Banco Portugues do Investimento, which reported a \$500,000 profit in 1984, has also been operating successfully since the government broke the state monopoly. As a result, other Portuguese enterprises are studying setting up their own banks.

The pressure of competition from the efficient and tightly run international banks has already had considerable effect on the nationalized sector, an official of one of the affected banks said. The largest state-run bank, the Banco Portugues do Atlantico, with \$3 billion worth of deposits, has, in the past 18 months, introduced a number of innovations to attract customers, including Eurochecks, cash dispensers and preferential client service for big active accounts.

But the state-owned institutions are burdened by overstaffing, cumbersome systems and undercapitalization. Even worse, they are awash in medium-term (six to 12 months) fixed-interest deposits and squeezed by government-imposed credit restrictions, part of the policy of economic stringency.

Meanwhile, the Banco do Portugal, the country's central bank, is also helping to modernize the nation's financial structures in preparation for Common Market membership. Used to regulating these with an inflexible hand, the central bank is soon to sanction a free interbank money market. Later it will introduce an international spot and forward foreign exchange market, ending the current practice of a fixed foreign exchange rate against major currencies.

Waiting in the wings to service these potentially lucrative operations are data-base companies like Reuters whose dealing and currency services would put Portugal in step with the world's money and exchange markets.

— KEN POTTINGER

Recovery Bringing Bad Checks

(Continued From Previous Page)

mance in 1985 will strengthen by a further 8 percent. Although the government came to office in June 1983 with a three-stage program for economic recovery and reform, and a solid parliamentary majority with which to implement it, it has dragged its feet over reforms in several areas, including the vital and voracious public sector.

Economists say that these plans for modernization through structural reforms are fundamental for success once Portugal enters the European Community. Five main areas are identified for action through the legislative period ending in 1987. These are: public enterprises, the private sector, the domestic financial system, regional development and tax reform.

— KEN POTTINGER

European Connection: Returning to the Fold

(Continued From Previous Page)

seas for friends and resources in the first place. Relations between the two Iberian states are likely to deteriorate with EC membership because of differences over trade, investment, fishing rights and conflicting views about North Atlantic Treaty Organization responsibilities.

Portugal is a poor country with limited resources that for centuries has exported its excess population through immigration and balanced its trade deficits by the surpluses from overseas colonies. When Portugal becomes a member of the European Community in 1986, the disparities between the poorest areas of Portugal and the richest areas of the EC will be immense, as much as 12 times between Hamburg and Vila Real, for instance, in terms of per-capita income.

Portugal still has over 30 percent of its active population engaged in agriculture, and many of its "industrial" workers also rely on rural production to support their families, indeed increasingly so in face of recession. Illiteracy is extensive, over 24 percent of the adult population. Only three out of five Por-

guese have more than four years of schooling, a fact that has a major impact on Portugal's human capital and competitiveness.

The capital-intensive industries established in the 1960s, based on cheap oil, petrochemical complexes and ship-repair facilities, are all

stances, but pre-eminent among them was the impact of the wars in Africa on the military institution, especially on the junior and middle rank officers who formed the armed forces movement.

In both the swing to the left after April 1974 and the anti-Communist counter-coup of November

1975, the military played a central role in politics and the armed forces was transformed by the deep involvement of all ranks in the political and social struggle. More than 10 years later, although the African campaigns are a mere memory, and the size of the armed forces has been cut down from a wartime high in 1973 of over 200,000 to close to 50,000 today, the interaction between individual military officers and civilian politicians is still tense and the role of the armed forces as an institution in the body politic remains problematical.

Former Prime Minister Francisco Pinto Balsemão attributes the

coming to terms with a heritage of past glories now confronts the Portuguese.

Coming to terms with a heritage of past glories, glories which imprisoned Portuguese society at least as much as they liberated it, as well as the task of dealing realistically with the diminished dimensions of Portugal itself, is essentially the task that now confronts the Portuguese.

Dealing with these dilemmas will be challenge enough and some understanding and help will be needed by Portugal's friends. The European Community should lift its eyes for a moment above its olive oil and wine fakes, and recognize that the path ahead for its new member will not be an easy one.

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A SPECIAL REPORT ON PORTUGAL

Footwear:
Rapid
Strides
In Exports

LISBON — The growth of the shoe industry is the biggest economic success story in Portugal. Shoe exports, which 10 years ago amounted to only 700,000 pairs, reached the 32 million mark in 1984.

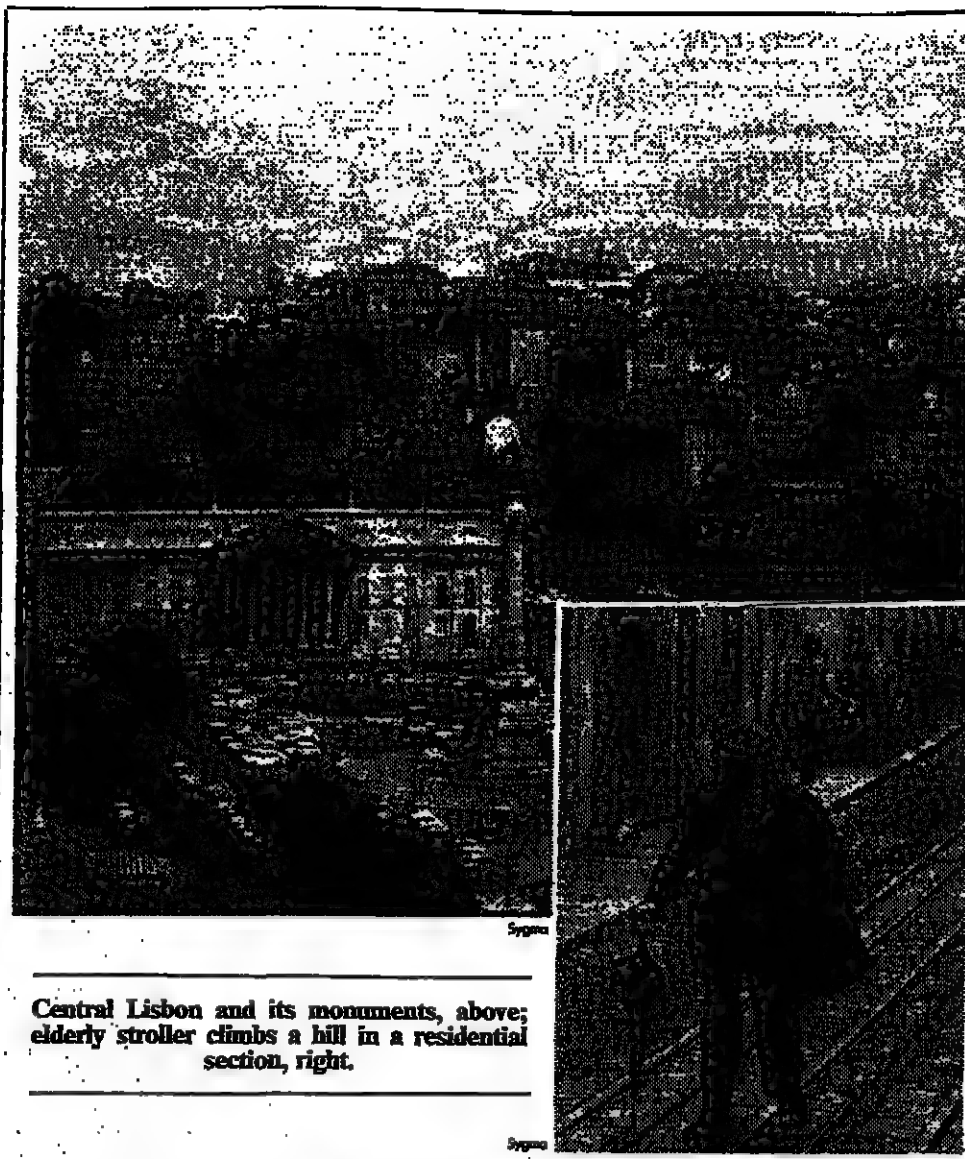
Exports doubled between January and October of last year compared with the same period of 1983. Fifty percent of the shoe production is being exported, representing nearly 5 percent of Portugal's total exports.

There are many reasons for this success. In 1977 and 1978, the government was looking for ways to cut down its gigantic balance of payments deficit by increasing exports. The export of shoes was considered a possibility. Up to that time, shoes had been produced only for the internal market and for Portugal's former African territories.

With the support of the export development fund, the shoe manufacturers began to buy new equipment, enlarge their factories and set up new ones. They attended international shoe-design shows and brought back ideas from Italy and France and other countries where fashion is made.

"We bring back ideas and models from other countries and make changes to give them the 'Portuguese look,'" said a member of the Portuguese Association of Shoe and Leather Industries. The manufacturers improved their quality and design and they set up their own local shoe shows at the Palacio de Cristal in Oporto for international buyers. They put their collections on show in Düsseldorf, Paris, London and other European cities. And, importantly, they began to get shoes delivered on time in the right quantities.

Portugal makes shoes for foreign retailers and wholesalers to market under their own brand names, but also markets some Portuguese brands. There are about 150 regular exporters around Oporto and cities to the north. The bulk of the exports are men's shoes because Portugal cannot compete with Italy in women's shoes. Some of the biggest names in shoe manufacturing and export are Campello Portugal, Xavi (sports shoes), Continental and Basilus. Campeão pro-



Central Lisbon and its monuments, above; elderly stroller climbs a hill in a residential section, right.

duces about 14,000 pairs per day and Xavi produces about 8,000.

Portugal can put shoes on foreign markets at prices approximately 20 percent lower than local manufacturers can. There are no customs barriers or quotas on Portuguese shoes in European Community countries, where they represent only 4 to 5 percent of total shoe imports. No restrictions were set during the recent negotiations for Portugal to join the EC. "They did not see us as a threat," said a shoe-association economist.

EC countries already account for nearly half of the exports. They bought more than 17 million pairs in 1984. Britain is the biggest market (4.6 million pairs), followed closely by France and West Germany. European Free Trade Association countries buy 5.5 million pairs per year, of which Sweden accounts for 3 million. Exports to the United States

have shown spectacular growth. In 1982, American customers bought 264,000 pairs; in 1984, the figure was over a million. Portugal is looking to the United States as the market of the future.

Portuguese shoe manufacturers are concerned about effects that entry into the EC will bring.

"EC entry would appear to bring us nothing but trouble because it will open our local market to foreign competitors in Europe and to those companies with whom they have preferential-treatment agreements, such as those in Southeast Asia, which represent the most serious threat to us," said António Clara, president of the shoe and leather association, in a recent interview. "On the good side, however, entrance will give us access to some raw materials we have had difficulty obtaining," he added.

There are already foreign companies, mainly West German,

which have set up in Portugal to take advantage of the cheap labor. Some local manufacturers believe that the only way the Portuguese shoe industry can continue to grow as it has done is for foreign companies to come in and set up joint ventures with the Portuguese.

Portuguese companies are beginning to experience some difficulties. The era of cheap labor appears to be coming to an end because the supply of skilled workers cannot keep up with the soaring rate of production, so the workers are demanding more money. Also, raw materials are becoming expensive. Because 90 percent of Portuguese shoes are made of leather, it is becoming increasingly necessary to import hides and leather. Thirty percent of finished leather is being imported from India and Pakistan.

But Portuguese shoe manufacturers are confident the industry will continue to expand.

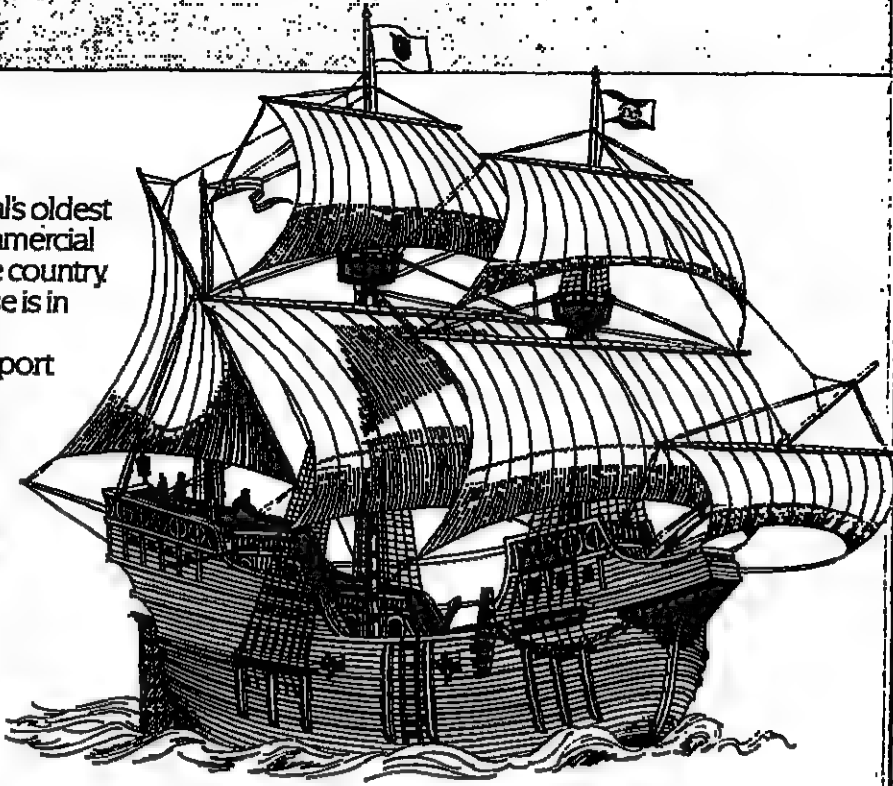
— MARTHA DE LA CAL

Still fostering the
Portuguese spirit of
enterprise - at BNU

BNU is one of Portugal's oldest banks with the largest commercial network of branches in the country.

BNU's special expertise is in financing all aspects of the Portuguese export and import trade. Its comprehensive array of services includes opening, negotiating and confirming letters of credit, collecting trading documents and arranging payments through bank circuits.

BNU also has a long tradition of intensive activity in Macao. It can offer the same range of services to importers and exporters in the flourishing light industrial and consumer industries there.



The St. Gabriel, Vasco da Gama's flagship, in which he led his fleet to India in 1497 and reached it in the following year.

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Farm workers remove stones from a field where grape vines will be planted.

Tasting Portuguese Reds: Will the 'Nex' Have It in Paris?

By George Gudauskas

PARIS — Port, Madeira, rosé, Vinhos Verdes — these are the wines for which Portugal is known.

But red wine, the table variety, also forms a huge portion of Portugal's production, and it was red wine the French gentleman held in his glass one recent evening.

"Very interesting," he said, sniffing and sipping the young red that had been opened an hour earlier for a tasting of some of Portugal's best.

The comment, though ambiguous, was but one of several favorable ones that emerged during an evening when seven wines from major producing regions of Portugal were sampled.

Most of the wines were unavailable in French wine shops. They had been sent by Portuguese winemakers who wanted the fruit of their labors tasted in Paris. Several members of the International Wine

& Food Society, the 52-year-old nonprofit group, tasted the wines. Pamela D. Meade, president of the Paris group, said major wine areas were represented "so you can see the differences."

"There should be differences," she explained, "like the differences between a Bordeaux, a Burgundy and a Côtes-du-Rhône. That should be evident to us."

After much swirling, sniffing and sipping, several tasters concluded that most of the Portuguese reds had good color and fine bouquet. On taste, however, the wines seemed light to the French palate.

"Thin," one French taster said. "Thin," one English taster said. Meade, who is English, remarked, without challenge, that "You'd expect strong, heavy wines from Portugal. But you have delicate, complicated, light wines instead."

Sampled wines came from three

of Portugal's 10 demarcated areas, those defined by special law: Douro, Dão and Bairrada.

Also tasted was wine from Torres.

Tasting began with the youngest wines and included a Vino de Mesa, a Bairrada, a Dão, a Quinta da Folgosa, a Pasmados, and two Reservas. One was a 1974.

Dão is the best-known region for Portuguese reds. Soil there is granitic; the terrain is mountainous with terraced vineyards and the climate can be extreme. Wine critics differ in assessing the characteristics of the wine. Some compare Dão wines with Rioja's soft, drinkable and inexpensive. Others find them rough, dry and unbalanced.

The Douro, demarcated first for port, produces reds that vary from light to intense. The wines of Bairrada, south of Oporto, are named for the reddish clay soil of the region.

At the tasting, the Vino de Mesa, the first wine sampled and the youngest, drew unchallenged praise from a Frenchman as "the most agreeable to drink." He had been comparing notes with a fellow countryman and taster. He also had tasted six other fine wines before judging.

These wines were a far cry from the fresh, slightly fizzy ones that

many people often associate with the products of Portuguese vineyards.

Portugal, the seventh largest wine-producing country, exports more than 835,400 hectoliters (about 22 million gallons) a year, according to the government, from among the more than 1,000 wineries in the country.

Only a fraction of the total is red wine, however, and they are not widely stocked.

In addition, as Decanter magazine noted in May, often little relationship exists between price and quality, "confusing for us, the wine lovers," the magazine said, "and not good for the producers either."

To explain why Portuguese reds have lacked the success abroad of, say, either port or Mateus Rosé, Decanter cited Portuguese production and marketing for a lack of organization and discipline.

"With the will and the discipline, Portugal could offer some of the world's best red wines," the magazine said. "Whether it will, remains to be seen."

Some of Portugal's best appeared at the wine-lover's tasting, and the few gathered there seemed slightly impressed, enough so to comment that Portuguese wines are nothing, as the Frenchman said, if not "very interesting."

CONTRIBUTORS

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EC, Election Dominate Political Life

(Continued From Page 9)

Amaral, with gamblers trying their luck on a maverick outsider, Maria de Lourdes Pintasilgo. This former prime minister and onetime ambassador to UNESCO was the first candidate off the mark and is seeking support from an eclectic group, including Communists, militant Roman Catholics and others who believe her utopian Third Worldism to be the appropriate direction for Portugal in the next decade.

Although opinion polls currently give her a commanding lead, some analysts believe they are misleading, inadequately structured and unlikely to reflect the true views of the electorate.

A still unknown quantity will be the candidate proposed by the recently created presidentialist party, the Democratic Renewal Party, which is counting on reinforcing presidential powers at the expense of parliament and hoping to entice the head of state, General António Ramalho Eanes, to become its leader.

General Eanes is constitutionally barred from a third term in office

but there are those in the new party who feel he should become prime minister of a government elected in harmony with a president endorsed by General Eanes himself. The new party, however, remains an embryonic force, lacking a leader, a presidential candidate or clearly defined policies.

An additional thread working into the scene is the revived debate over the country's constitution. When first adopted in 1976, it was considered Western Europe's most doctrinaire Marxist charter, but it was toned down considerably by a revision in 1982. Today, however, voices in parties on the center and right are again raised in opposition to the constitution, claiming that its economic chapters need immediate revision if Portuguese entry to the EC is to make sense. These chapters continue to regard key sectors of the economy as a state preserve and talk of the benefits of a socialized economy.

As one young technocrat noted, "How can we ever begin to make progress if we are still arguing about the country's fundamental directions?"

PORTUGAL:
from stabilization to modernization

Portugal is a small, open and new industrialized country strongly dependent upon foreign markets either for imports, namely energy related (petroleum), food and raw materials, and for exports which include manufactured goods (textiles, chemicals, paper and pulp) and services (tourism).

Some past exogenous factors like the second oil shock, a severe drought, the world recession and high interest rates in international markets, together with the attempt to sustain domestic demand and employment, have partly been responsible for external imbalances.

To cope with this situation a stabilization program was implemented, in mid-1983, including a discrete devaluation of the escudo, the increase in prices of a wide range of previously subsidized goods and a substantial tightening of monetary and fiscal policies. Domestic interest rates were increased in conjunction with stricter credit ceilings and close monitoring of the external debt. Taxes were raised and public spending was cut. Part of these measures were instrumental in an agreement with the International Monetary Fund in view of a stand-by credit.

The responsiveness of the economy to this stabilization package was quite remarkable. The main targets agreed with the IMF were achieved. The current account deficit decreased from U.S. \$3.3 billion in 1982 to 1.6 billion in 1983 and 0.5 billion in 1984, the targets being 2 billion and 1.25 billions, respectively. Excluding interest payments on the external debt, the current account would have shown a surplus of 0.7 billion in 1984 (against a deficit of 0.6 billion in 1983). The increase in exports and the decrease in imports almost offset the fall in domestic demand (around 7 per cent); hence, GDP recorded only a marginal fall. On the other hand, total external debt growth decelerated, at the same time that a significant improvement in its time profile took place.

However, these results were only achieved at some economic and social cost: increased inflation, as a result of the escudo devaluation and of the adjustment in administered prices; higher unemployment; and lower level of economic activity, especially in the domestic oriented sectors.

The results achieved through stabilization program, namely the sharp improvement in the external current account, and the control of the foreign debt (and the taming of the budget deficit), are quite impressive and will allow a moderate economic expansion in 1985; the government expects a growth of 3 per cent in real GDP, led by the export sector. This deliberate slow recovery will not endanger the consolidation of the present economic situation and is a prerequisite to the implementation of a long-term program of deep structural reforms, which is imperative for a better performance of the economy and for a successful integration in the EEC. The government intends to improve the efficiency of the economy through the replacement of bureaucratic management by the discipline of competition in the market place. The rationalization of public administration and the restructuring of nationalized industries, the easing of price controls and the loosening of some restrictions of labour legislation are in line with that aim.

On the financial side, modernization is the order of the day. A major overhaul of domestic financial markets and mechanisms is currently being introduced. Private banks (as well as insurance companies), both foreign-owned and domestic, can operate in Portugal. Since last year two American banks and a Portuguese one were recently allowed to start operating; others will follow soon. Leasing and investment companies are expanding significantly their activities, thus increasing the range of financial products available to clients, which until recently were confined to those of the banking sector. The government intends also to develop the role and importance of the stock market.

Portugal is right now a very attractive location for international investors. It is well placed as a gateway to a number of developing countries in East Africa and South Atlantic; qualified and skilful labour is available; unit labour costs are quite low by international standards and tax laws are favourable. Direct foreign investment has access to all incentives granted by the Portuguese laws, may enjoy additional benefits of fiscal and other nature and is allowed in the majority of the sectors of the economy (but in a few strategic ones). Moreover, the social and political situation is quite stable. Having all this in mind, direct investment should provide a high return at a low risk.

Portugal will soon be a full member of the European Communities Integration in the world's most important free trade area will further increase the attractiveness of investing in Portugal, specially in export oriented sectors.

Research Statistics Department
Banco de Portugal

ARTS / LEISURE

The Fête Goes On in Paris

International Herald Tribune
PARIS — Sixteen years ago, Marie-Hélène de Rothschild was the queen of *Tout-Paris*. Today, she still is, but times have changed.
 In 1969, at a memorable Oriental Ball given by the Baron Alexis de

Rédé, she stood at the top of the Hôtel Lambert stairway, dressed in an orange and gold-bedecked Balinese dancer. The host looked equally gorgeous as a Tartar warrior, with sable hat and jeweled dagger.
 As guests stepped into the Persian-carpeted courtyard, four servants in pink tunics and turbans

HEBE DORSEY

escorted them under orange parasols, between two life-size papier-mâché elephants loaded with jeweled trappings.
 On Wednesday evening, Baroness de Rothschild will be in the spotlight again as she hosts the party of the season — but this time, it will be far more sober, the pretense being to raise money for the Musée d'Art et d'Histoire on Rue de Rivoli. The 1,800-franc (\$190) a head black-tie dinner will be followed by a tour of the museum's 100 new rooms. The evening is held under the patronage of the French minister of culture, Jack Lang, and in the presence of the mayor of Paris, Jacques Chirac.

There is a world of difference between this event and past extravaganzas — the cultural ring is a far cry from the "Let 'em eat cake" flavor of past Paris balls. The baroness admitted that large private balls would be badly perceived in today's world in general and France's socialist society in particular.

This marks a new turn in the once frivolous Paris season. People are realizing that lavish functions

can be managed, but only under the cover of culture or charity — very much as in the United States, where charity balls are a dime a dozen.

Strangely enough, an exhibition to be held at the Demeure Historique (a nonprofit organization of French château-owners) on June 5 will stress the enormous changes in French society in the last couple of decades.

The retrospective is devoted to the works of painters Alexandre and Catherine Serebriakoff, a Russian brother and sister who came to Paris in the 1920s.

After World War II, they were commissioned by a number of wealthy Europeans, including the art patrons Arturo Lopez and Charles de Bestegui, to paint the interiors of their châteaux or commemorate a ball they were giving. Many of these houses and châteaux have changed hands or no longer exist, and the paintings are also things of the past — all of which adds a historical value to the artistic quality of the Serebriakoffs' exquisite watercolors.

The exhibition was conceived by Princess Laure de Beauvau-Craon, whose husband, the late Prince Marc de Beauvau-Craon, was president of the Demeure Historique. She said that although the Serebriakoffs painted all over Europe, the exhibition, which is sponsored by the auction house of Christie's, was narrowed down to French topics. Hence watercolors of the Redé ball, the 18th-century salons of Elie de Rothschild's Left Bank Hôtel particulier, or townhouse on Rue Masseran (closed down a few years ago amid Froustian nostalgia); the Versailles-scale bedroom of Arturo Lopez (which can be seen in Neuilly-sur-Seine, where the house is now a museum); and the grand salon of the Château de Ferrières, which Guy de Rothschild gave to the University of Paris in 1975.

There will be 150 costumed extras, dressed in all the periods represented in the museum, from the Middle Ages to 1925. The decorations, designed by Bruno Roy, include 500 feet (160 meters) of garlands, 2,000 fresh calla lilies, 500 peonies and 1,400 artificial flowers, with seven huge candelabra to cast candlelight in the room where the dinner will be served.

There is, however, a world of difference between yesterday and today. The biggest change is: "First of all, money," as the baroness herself put it, in her private quarters above the palatial salons of the Hôtel Lambert, where she now lives. "One could not afford the kind of fêtes one used to give. It would cost a fortune."



Poster design for the Serebriakoff exhibition.

The framework and organization are not the same, either. "When I gave a party, I always started from a beautiful décor, my house, a château. I had a chef and dozens of people at my disposal. Now, all I have is 600 square meters [6,500 square feet] of empty beige space. One can do anything but it's difficult. I can do anything but everything and everybody — carpenters, electricians, florists and upholsterers."

"It's also difficult to arrange dinner for 470 people and in a museum where there are no kitchens yet. I keep tasting all the time. Everything they give me is covered in what I call airplane sauce."

But the baroness, who loves a party ("It boosts the morale and gives work to a lot of people") seemed undaunted. If anything, she seemed to like the challenge of starting from scratch, so to speak. To make sure all the profits went to the museum, she called on her friends who donated money, or their time, or both.

Among her 27 supporters are the

shipowner Stavros Niarchos, the artist Diego Giacometti, the Begum Aga Khan and the banking baron Edmond Safra (who gave the orange-silk lined programs). The baroness donated the dinner, "which is natural since I'm the president."

The paying guests, many of whom indeed do have everything, will no doubt appreciate another costume dress from Valentino, Yves Saint Laurent, Ungaro, Jacqueline de Ribes, Chanel or Givenchy, a little fur from Dior, some Fortnum sheets, diamond and basalt earrings from Jar or six months of twice-monthly flower offerings from Arôme.

For men, the baroness thought it would be "amusing" to win an invitation for two at Maxim's, good for one year, or two cases of Château Lafite 1970, courtesy of her husband.

"Serebriakoff: Demeures et Décors d'Intérieurs" runs June 5 to July 6 at the Demeure Historique, 57 quai de la Tourneffe, Paris 5. Open 2 to 6 P.M. except Saturdays and Sundays.

Photographers to Capture A Day in the Life of Japan

The Associated Press
TOKYO — On June 7, more than 100 leading photojournalists from across the globe will descend on Japan to capture on film one day in the life of the country

for a book organizers hope will be a "visual time-capsule."
 Although they will train their cameras on Prime Minister Yasuhiro Nakasone, the project will focus primarily on ordinary people, organizers said.

"We ask only one thing of them — that they make extraordinary pictures of ordinary events," said David Cohen, 30, co-director of the \$3.5-million project and future book "A Day in the Life of Japan."

Three other similar coffee table-type books, on Australia, Hawaii and Canada have been published since 1981, but Cohen and his co-director Rick Smolan, 33, said Japan poses particular difficulties. But they said they hope that they will be able to break through the cultural and linguistic obstacles that have historically closed Japan.

For the project, 75 photographers will fly in from 16 countries May 31 to be briefed on their assignments. Cohen told a press conference at the Foreign Correspondents' Club of Japan. They will be joined by 25 Japanese photographers.

On June 7, rain or shine, the photographers, including four Pulitzer-Prize winners, will begin shooting at dawn and continue until dusk, using an estimated 5,000 rolls of donated film.

Murder Most Profitable: Twin Books On '78 Crime Spark Publishing Feud

By Edwin McDowell

NEW YORK — One of the most bizarre crimes in recent years, the 1978 murder of a multimillionaire plotted by the victim's New York socialist daughter and carried out by her son, is the subject of two books scheduled for publication next month. But already the books have ignited a bitter publishing feud, with the authors and the victim's widow accusing each other of "deception," "misrepresentation," "checkbook journalism" and "unethical conduct."

The books are "Nutcracker" by Shana Alexander, the author of books about Patty Hearst and Jean Harris, and "At Mother's Request" by Jonathan Coleman, a former book editor and broadcast journalist.

Both recount in detail the events leading up to the trial and conviction of Frances Schreuder, a patron of the New York arts who persuaded her 17-year-old son Marc to murder her father, Franklin Bradshaw, an auto-parts dealer in Salt Lake City. Mother and son are currently serving long terms in the Utah State Prison. Another son, Lawrence, convicted of attempting to murder his college roommate, was paroled in March 1983 after serving a total of two years in prisons and hospitals.

Although the stakes are high, since both books are potential best-sellers — both have been purchased for television adaptation, and each has been sold for paperback for six figures — the writers say their interest is purely a matter of disdain for each other's journalistic methods.

Coleman, for example, accuses Alexander of "checkbook journalism" in having paid or arranged for her publisher to pay for exclusive access to the murderer, Marc Schreuder. In his book, Coleman writes that he declined, "for what I believed to be sound journalistic reasons," to pay money to Marc Schreuder or Joseph E. Tesch, Schreuder's Utah lawyer, but that they "were able to obtain that money elsewhere."

"Checkbook journalism" refers to the practice of paying for exclusive access to news or interviews with public figures. Critics of the practice say that it is corrupting because it introduces a commercial relationship into the otherwise detached search for facts.

Alexander denied that she paid Tesch or Schreuder. "I do not buy material," she said recently. "It's been my principle, because bought material tends to be unreliable and makes me vulnerable in dealing with my subject afterwards."

But after she declined to buy, she said, Doubleday, her publisher, "saw fit to buy it," and she received "a collection of tapes made by Marc of his family home life" and the exclusive right to interview him in prison.

Alexander said she did not know nor want to know how much Doubleday paid for the material. "But I couldn't turn down material like that, and I felt I couldn't ignore it," she said. "Here was a glimpse at a something which had been to a large degree covered up by what the psychiatrist in the case called the 'green politics,' i.e., money."

Doubleday declined to say how much it paid. But Bernice Bradshaw, the victim's widow and the grandmother of Marc Schreuder, said, "Marc told me he got paid \$10,000, and had to give the lawyer \$5,000." Tesch refused to discuss financial arrangements.

Henry Reath, president of Doubleday Publishing Co., said that the company paid money to



The feuding authors Jonathan Coleman, Shana Alexander.

protect his book. "We did not want Schreuder to do a deal with a magazine or with TV," he said. He also denied that the company's payment to Marc Schreuder amounted to checkbook journalism. "It wasn't a situation of being unable to get to sources," he said. "It was to protect ourselves from what Schreuder might do after we got to them."

Coleman is not mollified by the Alexander-Doubleday explanation. In either case, he said, Alexander had an obligation to tell her readers that she used material that was bought, rather than writing in her foreword that she told Mrs. Bradshaw there would be "no payments" made.

Alexander has complaints of her own. She said Coleman misrepresented himself in interviews as the heir to the notes of Tommy Thompson, the writer who had been working on the book for Doubleday until shortly before his death in October 1982. Doubleday also paid the Thompson estate for his notes, which it turned over to Alexander. She writes in the foreword that part of her book "is built on a solid foundation of Tommy Thompson's original notes."

Coleman denied that he misrepresented himself, and his denials are supported by Mrs. Bradshaw, by Marilyn Reagan, the sister of Frances Schreuder, and by Mike Carter, a reporter for The Salt Lake City Tribune. "Jonathan never told me that, and he never misrepresented himself to anybody I know of," said Carter, who covered the trials of Frances and Marc Schreuder.

However, Jim Conway, a former New York City policeman who was involved in the murder case as a private detective, recalls: "I was definitely under the assumption from the way Coleman spoke that he was taking over the Thompson book. He spoke of Thompson this, Thompson that, and when I found out he wasn't taking over at all, I felt kind of bad."

Coleman has also accused Alexander of "an unethical and unwholesome alliance" with a New York psychiatrist whom Alexander recommended to Mrs. Bradshaw. In her book, Alexander writes that after Frances and Marc Schreuder had been imprisoned, she suggested to Mrs. Bradshaw that an informal talk with the doctor, a specialist in the diagnosis of mood disorders, might be useful, if only to make her feel less distraught. "Both she and the doctor agreed, so I drove her down to the hospital and sat in on their three-hour conversation," the author writes.

Asked about the ethics of being present during that conversation, Alexander said: "The doctor asked me to sit in, because the patient would feel more comfortable. Otherwise it would have been unethical."

Mrs. Bradshaw denied that she

ever asked Alexander to attend the session. "She insisted on driving me to the doctor and she followed me all the way into the office," she said recently. "I was very green and had no idea that this was a put-up deal. But when I got home there, it was a shock to provide information for the book. So I wrote her a letter telling her what I thought about her."

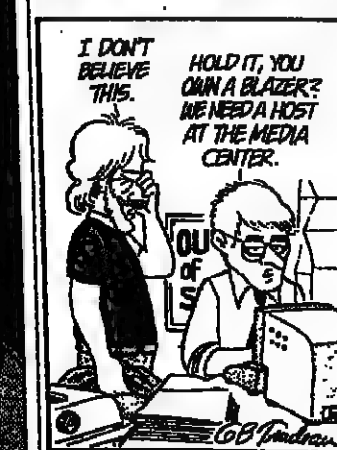
Alexander acknowledged having received a critical letter from Mrs. Bradshaw soon afterward, but said it did not mention the doctor's visit.

The books have been the subject of intense jockeying by their respective publishers. "Nutcracker," for example, was originally scheduled for publication in September, a month after the scheduled publication date of "At Mother's Request." When Doubleday advanced the publication of "Nutcracker" to July, Atheneum countered with a June publication date. Now Coleman's book will be officially published June 20 and Alexander's June 21.

Whatever the outcome of the dispute, both authors stand to make a lot of money. Doubleday has printed 100,000 copies of Alexander's book, paperback rights were sold to Dell for six figures, it is a special featured alternate selection of the Literary Guild and NBC-Warner is adapting it for television.

Atheneum has printed 50,000 copies of Coleman's book, paperback rights were sold to Pocket Books for six figures, it is a Book-of-the-Month Club alternate and it has sold to CBS for a television mini-series.

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Indonesia to Ease Oil Industry Rules

Meanwhile, a state law official on Saturday ordered an investigation into negotiations between SME and Buitoni to look for possible market malpractices relating to SME shares.

Empresa Nacional de Fertilizantes SA, Spain's state fertilizer company, said it had a net profit of 145 million pesetas (\$833,000) in

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